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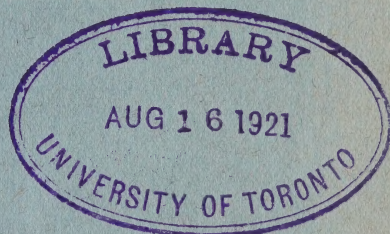
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MENT TO THE WEEKLY BULLETIN OF THE  
DEPARTMENT OF TRADE AND COMMERCE, CANADA

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# THE TRADE OF THE NEW COUNTRIES OF SOUTH-EAST EUROPE

ROUMANIA, HUNGARY, CZECHO-SLOVAKIA,  
AUSTRIA, TURKEY, YUGOSLAVIA.



By

L. D. WILGRESS

Canadian Government Trade Commissioner

Issued by Authority of the Right Hon. Sir George E. Foster, P.C., K.C.M.G.  
Minister of Trade and Commerce.

PRICE OUTSIDE CANADA, 35 CENTS

OTTAWA

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REPORT TO THE BOARD OF TRADE AND COMMERCE CANADA  
ON THE TRADE OF THE NEW COUNTRIES OF  
SOUTH-EAST EUROPE

# THE TRADE OF THE NEW COUNTRIES OF SOUTH-EAST EUROPE

ROMANIA, BULGARIA, CROATIA, SERBIA,  
YUGOSLAVIA, TURKEY, GREECE, ALBANIA

L. D. WILSON

CONSUL GENERAL, BUCHAREST

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# CONTENTS

	PAGE
<b>TRADE WITH ROUMANIA—</b>	
I Introduction .....	7
II Import Trade of Roumania.....	9
III Effect of the War on Roumanian Trade.....	14
IV Present Economic and Financial Position.....	18
V The Exchange Situation .....	22
VI Public Finance .....	24
VII The Country and its People.....	25
VIII The Industries of Roumania.....	35
IX Facilities for Trade.....	47
X Opportunities for Canadian Trade.....	57
XI Import Restrictions .....	66
<b>TRADE WITH HUNGARY—</b>	
I Introduction .....	70
II The New Hungary .....	76
III Hungarian Agriculture .....	79
IV Agricultural Implements and Machinery.....	83
V Manufacturing Industry .....	87
VI Import Trade of Hungary.....	88
VII Openings for Canada.. .. .	99
<b>THE TRADE AND INDUSTRIES OF CZECHO-SLOVAKIA—</b>	
I The Trade of Czecho-Slovakia.....	96
II Progress since the Armistice.....	102
III Present Trade Position.....	109
IV Principal Trade Channels .....	112
V Import Needs .....	117
VI Trade Statistics .....	119
VII Control of Foreign Commerce of Czecho-Slovakia.....	125
VIII The Industries of Czecho-Slovakia.....	129
<b>PRESENT TRADE SITUATION IN AUSTRIA—</b>	
I Introduction .....	145
II Communications .....	149
III Financial Position .....	153
IV The Industries of Austria.....	154
<b>CONSTANTINOPLE AS A DISTRIBUTING CENTRE—</b>	
I Introduction .....	158
II The New Turkey .....	162
III Transit Trade of Constantinople.....	170
IV Trade Methods .....	173
V Openings for Trade.....	179
<b>TRADE POSSIBILITIES OF YUGOSLAVIA—</b>	
I The Country and its Products.....	188
II Trade of Yugoslavia.....	206
III Population and Institutions.....	216
IV Commercial Centres and Trade Routes.....	223
V Facilities for Trade.....	230
VI Openings for Canadian Trade with Yugoslavia .....	244
INDEX .....	253





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## ILLUSTRATIONS AND MAPS

PAGE

### TRADE WITH ROUMANIA—

A Village in Moldavia .....	29
Valley of the Olt River, Roumania.....	29
Ministry of Foreign Affairs, Bucharest .....	32
The Post Office at Bucharest.....	33
Group of Roumanian Peasants.....	36
Timber Rafting in Roumania.....	43
A Roumanian Village .....	45
Sketch Map of Old Roumania before the War .....	47
Government Savings Deposit Bank at Bucharest .....	48
The National Bank of Roumania.....	53
The Fiat Tractor in Demonstration near Bucharest, Roumania .....	58
Present Tramway Facilities Available at Bucharest.....	63

### TRADE WITH HUNGARY—

Railway Map of Present-day, Hungary .....	71
Sketch Map Showing Strategic Position of Budapest.....	72
Budapest Offices of British Life Assurance Company.....	75
Hungarian Peasant Homestead .....	79
Stud Farm in Hungary.....	81
Two Methods of Harvesting in Hungary.....	85
Grain Elevator at Budapest.....	87

### THE TRADE AND INDUSTRIES OF CZECHO-SLOVAKIA—

Map showing Central Position of Czecho-Slovakia.....	97
Na Prihopy, the Main Street of Prague .....	103
An Industrial Suburb of Prague.....	105
Gablonz, Czecho-Slovakia .....	110
Carlsbad, the Famous Czecho-Slovakia Health Resort .....	114
Type of Agricultural Machinery in Czecho-Slovakia.....	118
Reichenberg, the Trade and Industrial Centre of Northern Bohemia....	123

### PRESENT TRADE SITUATION IN AUSTRIA—

Trieste, the Chief Port of the Adriatic.....	150
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### CONSTANTINOPLE AS A DISTRIBUTING CENTRE—

Map of Asia Minor.....	159
The European Quarter of Constantinople from Stamboul.....	161
The Harbour of Constantinople.....	168
The Golden Horn at Constantinople.....	171
View of the Galata Bridge at Constantinople.....	180

### TRADE POSSIBILITIES OF YUGOSLAVIA—

Map of Yugoslavia .....	189
The City of Zagreb, the Commercial Centre of Northwestern Yugoslavia..	191
Central Square at Belgrade.....	243
Type of Farm Implements used in Yugoslavia.....	247



## PREFATORY NOTE

The inquiry into trade possibilities in the countries of South-East Europe (Roumania, Hungary, Czecho-Slovakia, Austria, Turkey, Yugoslavia), which was undertaken by Mr. Wilgress on the instructions of the Department of Trade and Commerce, Ottawa, was made before the present period of trade depression had set in. It should be noted that though these markets present possibilities for trade in the future, at the present time the situation is such that little business can be expected so long as conditions remain as they are.

# TRADE WITH ROUMANIA

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## I.

### Introduction.

Bucharest, May 10, 1920.—Roumania is one of the most important markets in Europe for the future development of Canadian trade in manufactured goods. A country with great agricultural, mineral and forest resources, she will require to import a large quantity of supplies and equipment which can be shipped from Canada. Before the war Roumania was the largest in extent of territory of all the Balkan States and the richest in respect of natural resources. Her commerce equalled that of Serbia, Bulgaria, Montenegro, and Greece put together. As a result of the war Roumania has more than doubled both in area and population, and now ranks as one of the large states of Europe. The development of her natural resources presents possibilities for trade which are equalled by few other European markets.

Old Roumania had an area of 53,222 square miles and a population of 7,900,000. Greater Roumania as constituted by the peace treaties has a total area of 118,141 square miles and a population of approximately 16,700,000. The foreign commerce of Old Roumania amounted in 1913 to a value of \$252,000,000, of which exports accounted for \$134,000,000 and imported goods for \$118,000,000. We are justified in presuming that the trade of Greater Roumania will be more than double these figures when normal production is once more resumed.

Roumania is essentially an agricultural country. About 83 per cent of the total population of the Old Kingdom live in villages and agriculture is their chief occupation. The petroleum and salt deposits, the forests and the fisheries, however, provide important secondary sources of wealth, and these resources may be said to have been only partially exploited. Although some progress had been made before the war in manufacturing industry, the production was insignificant as compared with the requirements of the domestic market. The greatest development was in those industries utilizing the products of the country as raw material, such as beet-sugar factories, flour mills, paper mills, cement works, etc. Most of the factories were despoiled of their equipment during the German occupation and will require to be refitted. The products which Roumania requires to import from abroad are therefore mostly manufactured articles and machinery and equipment for the development of the natural resources of the country. There are many lines of manufactures required which Canada should be in a position to supply to Roumania, since the physical conditions and resources of the two countries are similar, and where the difference in social conditions is not too important a factor Canadian manufactured products should be suitable to Roumanian requirements.

### EXPORTS FROM ROUMANIA.

The principal exports from Roumania in 1913 were cereals valued at \$97,300,000; oil products, at \$26,300,000; vegetables and plant products, at \$6,800,000; and wood products, valued at \$4,740,000. The agricultural production of Old Roumania amounted before the war to over 6,400,000 metric tons of a total value of approximately \$270,000,000. Besides wheat, corn and other cereals, considerable quantities of beans, peas, potatoes, colza, rapeseed, and tobacco are raised. The production of crude oil was approximately 1,800,000 tons a year, of which about 40 per cent was consumed within the country and the remainder exported in the form of various



refined oil products. The slopes of the Carpathian mountains are covered with thick forests, which provided the raw material for the 71 saw-mills operating in Roumania before the war. To this industry has now been added the exploitation of the abundant forest wealth of the newly acquired territories of Transylvania and Bucovina. Old Roumania has important salt deposits, the production from which prior to 1914 amounted to about 125,000 tons a year. The fisheries of the Danube lakes and the Dobrudja yielded an annual catch valued at \$1,500,000.

#### BALANCE OF TRADE.

The surplus products of the above industries comprised the principal exports from Roumania. Since 1900 the balance of trade has been steadily in favour of Roumania, the only exceptions being the famine year 1908 and the war period. The export trade during the ten years preceding the outbreak of the war exceeded the total value of goods imported by \$160,000,000. Both imports and exports, however, have shown a steady expansion. Exports from Roumania were shipped principally to Belgium, Italy, Austria-Hungary, France, Germany, Holland, and Turkey. The bulk of the Roumanian wheat went to Antwerp and from thence was distributed throughout the neighbouring countries. Of the imports into Roumania, Germany and Austria-Hungary supplied the largest shares with 37 and 22 per cent respectively. Great Britain came third with 14 per cent, France fourth with 6 per cent, followed by Italy and the United States, each with less than 6 per cent.

#### TRADE INFLUENCE OF GERMANY.

These percentages of the total import trade held by the principal competing countries are significant in regard to the present opportunity for securing a foothold in the trade with Roumania. They show to what extent this country was before the war the commercial appendage of Germany. There is no doubt that Germany pursued a persistent policy of trade penetration which aimed at the complete domination of the Roumanian market. Her share of the total trade of Roumania increased 212 per cent in the ten years preceding the war. German is the most useful language in Roumania for business purposes after Roumanian and German commercial methods are largely copied. German and Austrian firms had to a certain extent the advantage of geographical proximity to the Roumanian market. They shipped their goods by rail across the border or by the Danube river, although in the case of bulky goods shipments were frequently made by steamer from Hamburg or Trieste to Roumanian ports. Roumania was regarded by the German and Austrian firms as an adjunct of their home trade and their travellers after visiting customers in Eastern Hungary continued the journey to Roumania.

#### CHANGED CONDITIONS AFTER THE WAR.

The geographical advantages possessed by Germany and Austria in the trade with Roumania have been materially lessened as a result of the war. Transport by railway will be difficult for several years to come. Germany is now shut off from the Roumanian market by a ring of Slav countries—Czecho-Slovakia, Poland and Jugoslavia. Customs barriers now displace the former agreements with Austria-Hungary facilitating the through shipment of German goods. The Austrian industrial centres, which formerly supplied Roumania, are now mostly included in the Republic of Czecho-Slovakia. This latter country is making every effort to secure as large a share as possible of the trade with Roumania. Hence German goods to reach Roumania by rail will have in the majority of instances to pass through the territory of one of the chief competitors of Germany.

It is evident from these considerations that Roumania will have to depend to a great extent upon new sources of supply for many of the articles formerly obtained

from Germany. Thus without considering how long it will take Germany to recover from its present stagnation, we see that it is improbable that Germany will be able to regain the whole of her former large share of the total trade of Roumania. Moreover, the above considerations show that in future the bulk of the goods imported will reach Roumania by sea through the ports of Galatz and Constanza. There will therefore be greater equality of opportunity for competing countries and, provided adequate steamship facilities are available from Canadian ports to the Black sea, Canada should be able to bid for Roumanian business without being handicapped by the geographical disadvantages which formerly hindered the development of trade between North America and southeastern Europe.

#### STEAMSHIP FACILITIES.

The question of steamship facilities is of vital importance to countries desirous of taking advantage of the readjustment of commercial relations with markets such as Roumania, formerly largely dependent upon Germany for supplies of manufactured goods. Canadian manufacturers will be handicapped in competing with United States and British firms if regular sailings are not available from Canadian ports to the Eastern Mediterranean and Black sea. It is to be hoped that the Canadian Government Merchant Marine will soon have sufficient steamers to inaugurate such a service. The steamers could call at the Roumanian port of Galatz during the summer and at Constanza during the winter. There is no doubt that ample cargoes would be offering for the maintenance of a service of this kind, which would greatly stimulate the development of Canadian trade not only with Mediterranean markets, but also with the Black Sea countries of Bulgaria, Roumania, Southern Russia (when again open to trade), and Transcaucasia.

## II

### Import Trade of Roumania.

The kind of goods imported into Roumania before the war and the proportion of the total import trade held by Germany and Austria-Hungary can best be indicated by the following table giving the values of the various classes of merchandise imported into Roumania during the year 1913, together with the values of the imports of each class from Germany, Austria-Hungary, Great Britain and the United States. The year 1913 has been chosen as the last complete calendar year of trade before the war, although commerce was deranged to a slight extent by the Second Balkan War which lasted from June 30 to August 10.

VALUES OF PRINCIPAL CLASSES OF GOODS IMPORTED INTO ROUMANIA IN 1913.

Class of Goods.	Total Imports.	Germany.	Austria-Hungary.	Great Britain.	United States
Living animals.. . . .	\$ 990,037	\$ 3,370	\$ 533,160	\$ 449	—
Animal food products.. . . .	2,035,088	244,125	108,074	12,201	—
Animal non-food products.. . . .	387,754	97,240	90,189	148,468	—
Leather and leather goods.. . . .	4,348,261	2,097,877	1,402,262	253,077	\$ 50,666
Furs.. . . .	330,613	284,264	19,571	1,620	—
Wool and woollen goods.. . . .	6,613,890	2,811,236	1,896,725	861,845	176
Animal substances.. . . .	502,234	89,831	156,220	22,590	2,199
Silk and silk articles.. . . .	3,229,517	925,318	629,966	137,043	428
Cereals and derivatives.. . . .	1,205,342	58,394	79,640	33,521	—
Vegetables and flowers.. . . .	1,862,162	444,220	410,766	34,661	35
Vegetable oils.. . . .	909,890	8,719	69,961	7,349	139,831
Spirits.. . . .	466,487	57,307	15,123	16,462	—
Groceries and fruits.. . . .	3,091,998	239,440	357,431	45,433	2,895
Sugar and articles containing sugar.. . . .	584,080	7,609	74,025	8,221	5,738



VALUE OF PRINCIPAL CLASSES OF GOODS IMPORTED INTO ROUMANIA IN 1913—*Concluded...*

Class of Goods	Total Imports	Germany	Austria Hungary	Great Britain.	United States
Timber and wood manufac- tures.. . . .	4,605,275	765,475	2,629,558	82,812	14,478
Vegetable textiles.. . . .	12,980,396	2,618,714	3,434,974	3,712,502	126,997
Articles of apparel.. . . .	4,342,181	1,039,402	1,683,673	423,362	7,568
Paper.. . . .	1,484,999	520,375	574,743	31,458	5,737
Celluloid.. . . .	76,879	23,939	24,862	117	5
Rubber articles.. . . .	1,862,242	743,862	336,674	77,850	18,620
Mineral waters and salts..	300,973	6,332	103,457	195	—
Stone products.. . . .	1,270,146	527,321	529,063	28,291	5,375
Glassware.. . . .	1,209,793	391,927	609,850	44,647	115
Oil products.. . . .	498,329	222,302	64,877	50,682	13,709
Metal goods.. . . .	34,614,909	17,926,921	5,956,372	3,829,656	3,894,113
Machinery.. . . .	11,810,649	7,043,107	1,513,206	602,307	2,045,309
Vehicles.. . . .	5,452,600	2,868,098	538,995	166,008	14,096
Boats.. . . .	5,970	13	324	900	480
Watches.. . . .	611,461	275,089	44,231	3,230	100
Musical instruments.. . . .	161,052	129,261	23,081	597	—
Games.. . . .	257,023	196,936	20,967	759	—
Chemicals and drugs.. . . .	2,710,158	897,877	943,001	446,208	2,027
Perfumes.. . . .	409,089	91,920	32,466	8,068	405
Colours.. . . .	552,151	258,128	158,618	40,814	467
Explosives.. . . .	6,234,431	3,643,433	2,569,579	3,563	—
Total.. . . .	\$118,002,528	\$47,563,839	\$27,638,515	\$11,147,545	\$6,387,477

From the foregoing table it is seen that metals, machinery, cottons, woollens, wearing apparel, wood and leather products comprised the chief lines of importation into Roumania before the war. Germany during the year under review supplied nearly 54 per cent of total value of the imports of metals and machinery. About half the value of the vehicles and leather goods imported came from Germany. Considerable proportions of the total importations of furs, games, musical instruments, colours and varnishes, chemicals and medicines, rubber goods, woollens, clothing, silks, stone products and watches also came from the same source. The large importation of explosives during the year in question is partly explained by the second Balkan war, nearly the whole of this being obtained from Germany and Austria.

The bulk of the trade with Roumania in living animals, glassware, timber and stone products during the year 1913 was held by Austria-Hungary, which country also shipped a large share of the imports of paper, leather goods, chemicals and medicines, colours and varnishes and vegetable textiles. Other important lines of importation from Austria-Hungary were woollens, silks, wearing apparel, metals, machinery and vehicles. Most of the manufactured articles received from Austria-Hungary came from Bohemia, which is now included in the republic of Czechoslovakia.

Great Britain supplied 28 per cent of the vegetable textiles imported into Roumania in 1913, her share being nearly \$3,000,000 greater than that of Austria and over \$10,000,000 greater than that of Germany. The proportion of the trade in woollen goods supplied by Great Britain amounted to 13 per cent. Other considerable importations from Great Britain were metals and machinery, animal non-food products, chemicals, wearing apparel and leather goods.

Metals and machinery comprised the principal lines of importation from the United States before the war, about 13 per cent of the total import of these lines being obtained from this source. The United States also shipped to Roumania a fairly large amount of vegetable oils, vegetable textiles and leather goods.

Besides the countries given in the above table other important sources of supply for goods imported into Roumania were France and Italy, the former sending chiefly perfumes, silks, vegetables and flowers, vehicles, chemicals and medicines, rubber and leather goods, while from the latter country silks, vegetable textiles, woollens, fruits and colonial products and vehicles were imported.

## CHIEF ARTICLES OF IMPORT.

The Roumanian trade statistics being based upon the classification of the customs tariff, it is difficult to give figures for the different branches of import trade. Thus we find the principal articles imported, as distinct from the general classes of import given in the above table, it is necessary to add together the various items belonging to one branch of trade. In this way we find that for the year 1913 the articles of import having the largest values included iron and steel products, such as drawn iron tubes of a value of \$7,453,724; iron sheets and plates, \$3,361,521; iron bars and wire rods, \$2,119,387; rails, \$963,992; rolled iron in special forms, \$876,036; other rolled iron products, \$2,084,199. Germany and Austria supplied the largest part of these iron and steel importations.

Agricultural machines and locomobiles were imported in 1913 to the amount of 14,375 tons valued at \$3,081,234, binders and reapers having accounted for \$1,710,766 of this total. Great Britain supplied most of the threshing machines and portable engines imported, while other agricultural machines came largely from the United States and Canada. Ploughs were imported during the year in question to a value of \$356,738 chiefly from Germany and Austria, while other agricultural implements imported were valued at \$129,619 coming from Austria, Germany and the United States.

Tank cars were imported into Roumania during the year 1913 from Germany, Belgium and Austria to a total value of \$2,463,698. The import of steam, gas, oil and hydraulic engines and machines was valued at \$1,940,450, that of dynamos, electric motors and converters at \$1,786,732, and the import of other machines and apparatus at \$1,657,646. Other large importations under the head of metals and machinery included cables for the transmission of electric current to the value of \$1,219,879; telegraph and telephone apparatus and machine tools, \$617,997; and vessels, tubes, conduits and sheets of copper and its alloys to the value of \$680,294. Germany and Austria enjoyed the bulk of the trade in these lines, although a considerable amount of machinery and apparatus was also sent from Great Britain and other industrial countries. The import of vehicles of all kinds not on rails was valued in 1913 at \$1,800,536, Germany, France and Italy being the chief suppliers. Tyres for motor cars and bicycles were imported to the value of \$472,093.

Coming to textile lines, we find an importation of cotton prints in more than one colour valued in 1913 at \$3,100,920. Cotton prints in one colour were imported to the value of \$829,673. Germany, Austria, Great Britain and Italy were the chief suppliers. Other cotton textiles were supplied chiefly from the same countries to a total value of \$835,807. The importation of cotton thread amounted to a value of \$1,011,323, divided almost equally between coloured and bleached threads. Great Britain sent the largest amount of cotton thread, next in order being Austria and Germany. Unbleached cotton yarn is an important item of importation into Roumania, having a total value in 1913 of \$2,790,514, shipped chiefly from England and Austria, with large imports also from Italy and Germany. A considerable amount of cotton yarn is imported into Roumania for the domestic peasant industry. Woollen textiles and knitted goods of all kinds comprise one of the large branches of import, being valued in 1913 at \$3,890,304. Germany, Austria-Hungary and Great Britain furnished the greater part of this import. The value of the importation into Roumania during the same year of draperies, blankets, shawls, table linens and curtains was \$855,628. Jute sacks were imported during the year 1913 to the value of \$612,127, coming for the most part from Austria and Great Britain.

The total importations of paper and paper articles into Roumania in 1913 were 6,394 tons valued at \$1,484,999. Austria, Germany and France were the chief sources of supply.

Leather of all kinds to the value of \$1,619,266, including box calf valued at \$553,815 and kid leather of a value of \$468,108, was imported chiefly from Germany and Austria. From the same source was supplied most of the boots and shoes



imported to a total value of \$855,669. Wood furniture was another considerable item of import during 1913, the total value being \$637,979, of which the greater part came from Austria-Hungary.

Among other importations into Roumania during the year 1913 of interest to Canada, there may be mentioned canned fish of a total value of \$213,890 from France, Norway and other countries; saw-milling machinery valued at \$60,187 from Germany and Austria; paints and varnishes in oil of a value of \$49,689 chiefly from England, Austria and Germany; caustic soda valued at \$187,234 from Great Britain and Belgium principally; calcium carbide, value \$39,880, from Austria and Germany; safes valued at \$96,670, chiefly from Germany and England; and aluminium ware of a value of \$89,760 from Germany and Austria. There were also imported during the year under review hand tools to the value of \$252,915, for the most part from Germany and Austria, including axes valued at \$78,245, shovels at \$54,711, and picks at \$32,094. The value of saws imported during the same year was \$64,449, largely from Germany.

#### PREDOMINANCE OF GERMAN GOODS.

The above is a review of the principal articles imported into Roumania before the war. In considering these figures it must be borne in mind that they apply to Old Roumania, a country less than half the size of the kingdom as now constituted. It is seen to what extent German goods predominated in many of the most important lines of import. This is still more clearly indicated by the table published below giving the items shown in the trade returns as imported from Germany to a value of more than \$100,000. The possibility of supplying a share of the goods formerly obtained from Germany is the opportunity which the Roumanian market presents to Canadian manufacturers and exporters. Particulars are given in another chapter of this report regarding the principal branches of trade in which there is an opening for the sale of Canadian goods.

#### PRINCIPAL IMPORTS INTO ROUMANIA FROM GERMANY, 1913.

	Metric tons.	Value.
Drawn iron pipes. . . . .	28,201	\$3,666,191
Tank cars. . . . .	7,612	1,522,319
Drawn iron bars. . . . .	33,854	1,015,621
Vehicles of all kinds not on rails. . . . .	3.3	766,640
Steam engines. . . . .	4,112	740,275
Dynamos, electromotors and converters. . . . .	644	644,767
Woollen textiles and knitted goods less than 200 grs. per sq. met. . . . .	209	629,907
Woollen textiles and knitted goods from 400 to 200 grs. per sq. met. . . . .	257	617,660
Rolled iron in special shapes. . . . .	15,331	613,279
Drawn iron for the manufacture of wire. . . . .	12,178	550,224
Dynamos electromotors, converters weighing more than 2,000 kg. apiece. . . . .	769	538,745
Rails for railways and tramways of all sizes. . . . .	13,274	530,979
Cables for the transmission of electric current, insulated electric wire. . . . .	512	512,501
Cartridges of all kinds not filled. . . . .	393	471,838
Sheet copper products or its alloys. . . . .	453	453,562
Woollen textiles and knitted goods from 600 to 400 grs. per sq. met. . . . .	210	421,012
Miscellaneous machines and apparatus without special denomination weighing more than 10,000 kg. apiece. . . . .	2,262	407,209
Miscellaneous articles and iron products without special denomination, weighing more than 25 kg. a piece. . . . .	2,196	395,332
Box calf leather. . . . .	130	392,391
Steam engines weighing more than 100,000 kg. each. . . . .	2,052	324,441
Goat, skin leather (kid leather). . . . .	51	308,436
Interruptors and other articles for electrical use. . . . .	151	302,095
Machines and not special mentioned apparatus weighing less than 10,000 to 2,000 kg. per piece. . . . .	1,489	297,844
Cotton textiles of all kinds, except those special named printed in two or more colours, weighing more than 180 grs. per sq. met. . . . .	362	290,217

PRINCIPAL IMPORTS INTO ROUMANIA FROM GERMANY, 1913.—*Continued.*

	Metric tons.	Value.
Drawn iron plates and sheets corrugated not specially worked. . . . .	7,994	287,519
Natural wool washed and scoured. . . . .	467	280,363
Cotton yarn single threaded, coloured or printed. . . .	465	260,552
Cables for the transmission of electric current as well as insulated electric wire with rubber. . . . .	155	248,451
Ploughs. . . . .	1,584	237,650
Blankets, draperies, shawls, table linen, curtains, and all kinds of cotton articles not embroidered. . . . .	77	231,297
Dynamos, electro-motors, converters, transformers, distributors, electro-magnetos and conductors, weighing less than 200 kg. apiece. . . . .	140	225,569
Outer and inner tubes for motor cars and bicycles combined with canvas or other materials. . . . .	119	214,567
Oil motors weighing less than 100,000 kg. . . . .	1,184	213,160
Drawn iron pipes and accessories in unfinished state. . . .	2,086	208,697
Not specially named machines weighing from 2,000 to 500 kg. apiece. . . . .	866	207,965
Not specially named copper articles or alloys polished or combined with other common materials. . . . .	253	202,184
Beetroot seeds. . . . .	331	199,116
Filled cartridges and capsules for "Flobert" or similar rifles. . . . .	196	196,067
Covered or uncovered freight wagons. . . . .	1,068	192,251
Bleached or coloured woollen thread. . . . .	117	175,675
Ready-made footwear or cut box calf leather. . . . .	33	175,188
Copper, articles or its alloys, polished, varnished, nickelled, silvered, or gilded. . . . .	87	175,134
Cables for the transmission of electric current as well as insulated wire for the conduct of electricity, insulated with textile material thread, except silk or combined with other materials. . . . .	86	173,340
Cotton yarn (single threaded) unbleached, uncoloured. . .	408	171,737
Wire cables and cords, painted or galvanized, having a diameter of less than 1½ mm. . . . .	705	169,051
All kinds of liquid pumps, air, gas pumps as well as ventilators. . . . .	704	169,011
Drawn iron sheets and plates, tinned, galvanized, leaded (tin and others), coppered, brassed, having a diameter of less than 1 to 1½ mm. . . . .	2,215	168,360
Cotton socks (coloured or uncoloured). . . . .	104	167,141
All cast metal articles not mentioned, weighing more than 50 kg. apiece. . . . .	1,161	162,596
Rubber shoes. . . . .	72	158,978
All kinds of wooden furniture. . . . .	157	157,368
Aniline colours. . . . .	190	152,004
Sewing machines. . . . .	272	149,072
Bicycles, tricycles, tandem, for persons or for goods. . . .	60	144,500
Oil motors, weighing from 10,000 to 2,500 kg. . . . .	697	139,445
Locomotives for agricultural machines run by steam. . . .	689	137,914
Drawn iron articles and products, not denominated, combined with cast metal and wood, raw, weighing more than 100 kg. apiece. . . . .	1,530	137,789
All instruments of measure or precision run by clock-work. .	56	135,861
Textiles and knitted silk goods, combined with other textiles in a proportion of 50 per cent silk or more in two or more colours, coloured, printed or of coloured threads. . . . .	6	133,640
Buffalo skins, oxen skins, dried, with or without hair. . . .	368	132,775
Any iron sheet recipients adjusted through riveting or otherwise, fixed, put on wheels, painted or unpainted. . .	942	131,585
Bolts, cramp-irons, screws, rivets, screw-nuts, rundles, hooks, as well as any pieces with screw arrangement, drawn, ground, polished, coloured those ready for use excepted. . . . .	1,082	129,845
Wooden toys, leaden, stone, whether combined with iron or coloured, not combined with other materials nor mechanical fittings. . . . .	161	129,240
Drawn iron sheets and plates, galvanized, leaden, brassed, polished, thinner than ½ mm. . . . .	1,428	128,573
Leaf tobacco. . . . .	128	128,123
All kinds of cotton textiles, those specially denominated excepted, coloured and printed in two or more colours, weighing from 180 to 100 grs. per sq. met., and having 41 to 70 threads per sq. cm. . . . .	141	127,386



PRINCIPAL IMPORTS INTO ROUMANIA FROM GERMANY, 1913.—*Concluded.*

	Metric tons	Value
Sulphuric acid.. . . .	3,978	119,346
Not denominated cast metal articles, weighing from 50 to 5 kg. apiece.. . . .	589	117,993 <sup>a</sup>
Raw buffalo and ox skins, salted with or without hair.. . . .	419	117,511
Blankets, draperies, shawls, table and toilet linen, curtains and all kinds of woollen texture, unembroidered and unhemmed.. . . .	23	116,450
Furred skins of bear, wolf, badger, marmot, red and white foxes, tanned, etc.. . . . .	16	115,724
Any kind of rubber articles combined or not with other materials of technical, medical or professional use, whether vulcanized or not, as well as rubber transmissions, combined cotton and other materials.. . . .	57	115,720
Salted herrings (pickled).. . . .	1,185	113,767
Gold jewellery without precious stones.. . . .	141	113,027
Machine tools, turner's lathe, mechanical planes, drilling machines, sharpening machines, steam hammers, portable forges, presses for shaping metals and other materials, etc., weighing from 2,000 to 250 kg. per piece.. . . .	376	112,904
Goat leather.. . . .	46	112,004
Brass and copper wire or of alloy, 1 mm. or more.. . . .	205	110,881
Clothing and woollen cloth articles.. . . .	21	109,850
Varnishes of all kinds.. . . .	36	109,458
Cotton lace.. . . .	15	109,172
Coloured silk threads, sewing thread, thread for stitching, for lace-making and tailoring.. . . .	5	104,880
Mixed woollen and silk textures and knitted goods in a proportion of less than 50 per cent silk.. . . .	17	103,812
Tools and accessories of motor cars and motorcycles imported separately.. . . .	25	102,516
Drills, screw-plates, scissors, screw-drivers, plane iron, steel punches, wimbles for wood and iron, French keys, pincers those for blacksmith excepted, screw vices weighing less than 1 kg., awls, cork screws, iron compasses, squares, meters adjusted or not adjusted, with or without handles, polished or nicked.. . . .	148	102,331
Metals in sheets and powder for gilding.. . . .	0.25	101,520

## III

## Effect of the War on Roumanian Trade.

The outbreak of the war had the effect of greatly curtailing the foreign commerce of Roumania. The closing of the Dardanelles restricted the exchange of products to the Central Powers and Russia. Upon the declaration of war by Roumania in August, 1916, foreign trade ceased almost entirely. Roumania was still able to receive a small quantity of war material and other supplies through Russia, but after the Bolshevik revolution even the restricted facilities afforded by this route came to an end and Roumania was shut in on all sides. The Central Powers occupied the greater part of the country towards the end of 1916 and they derived a large share of the benefit from the rich crops of 1915 and 1916, since the closing of the Dardanelles had made it impossible to ship the surplus grain abroad.

The Germans and Austrians remained in occupation of the greater part of Roumania until March, 1918, when the Roumanians were forced by circumstances to conclude a disadvantageous peace. During the occupation the Central Powers despoiled Roumania of rolling stock, factory equipment, and live stock and damaged railway bridges and right of way. They also forced upon the country bank notes of their own issue to the extent of over 2,000,000,000 lei (par value of lei equals 19.3 cents). The Roumanians in their turn were later able to take a large quantity of live stock, agricultural implements, rolling stock, and other supplies when their forces occupied Budapest the capital of Hungary, during the Bolshevik troubles of the summer of 1919.

## RESUMPTION OF TRADE.

With the conclusion of the armistice in November, 1918, and the opening of the Dardanelles, the trade of Roumania with the countries of Western Europe was once more resumed. Importations recommenced on a large scale, but the economic position of the country did not permit of a revival of exports. Italy and Spain were among the first countries to take advantage of the opportunity to resume commercial relations with Roumania. Italy sent chiefly cotton and woollen textiles, silk goods, and silk and cotton thread. Spanish merchants shipped to Roumania cotton and woollen textiles and boots and shoes. In certain instances ships were despatched from Barcelona with Spanish goods to be sold to Roumania on consignment. Merchants in Greece and Constantinople also began to trade with Roumania in goods received from Italy, Spain, and other countries.

For the period immediately following the armistice the merchants in the countries mentioned had practically a monopoly of the trade with Roumania. The result was that they accumulated large amounts of Roumanian lei, which they were holding for an improvement in the rate. Thus it is estimated that Spanish merchants accumulated 450,000,000 lei from the goods which they sold to Roumania, while Italy sold merchandise to the value of 350,000,000 lei. The continued importations, combined with the absence of exports and the falling due of bills for goods sold on credit, led to a decline in the exchange value of the lei, which caused a heavy loss to most of these holders of Roumanian exchange. Forced liquidations on their part brought about a still further fall in the exchange rate. The pound sterling reached as high as 300 lei in February, 1920, as compared with 60 a few months previous. Since then there has been an improvement in the value of the lei due to the falling off in the importations of non-essential articles. In April, 1920, the pound was quoted at around 250 and with improvement in the European exchanges a month later stands between 200 and 220 lei.

## HEAVY IMPORTATIONS.

The latest trade statistics published by the Roumanian authorities are those for the first six months of the year 1919, and they illustrate the large value of importations during that period as compared with exports from Roumania. The total value of goods imported is 1,114,549,722 lei, as against exports valued at 5,983,371 lei, of which oil products accounted for 4,644,593 lei. The average exchange value of the lei during this period ranged from 10 to 12 cents.

The following table shows the value by principal classes of the goods imported during the six months, January to June, 1919:—

*Imports into Roumania by Principal Classes, January to June, 1919.*

Classes of Merchandise	Value. Lei.	Percentage. of total.
Living animals.. . . .	1,889,012	0.17
Animal food products.. . . .	129,167,887	11.59
Animal non-food products.. . . .	1,727,113	0.16
Leather and leather goods.. . . .	54,016,460	4.85
Furs.. . . .	113,680	0.01
Wool and woollen goods.. . . .	57,130,074	5.13
Animal substances.. . . .	17,963,112	1.61
Silk and silk articles.. . . .	19,108,770	1.71
Cereals and derivatives.. . . .	272,659,428	24.46
Vegetables and flowers.. . . .	27,143,100	2.44
Vegetable oils.. . . .	24,350,390	2.19
Spirits.. . . .	4,967,034	0.45
Groceries and fruits.. . . .	81,728,387	7.33
Sugar and articles containing sugar.. . . .	8,531,490	0.77
Timber and wood manufacture.. . . .	7,766,956	0.69
Vegetable textiles.. . . .	250,519,738	22.48
Articles of apparel.. . . .	101,969,394	9.15
Paper.. . . .	4,926,041	0.44
Celluloid.. . . .	195,360	0.02



*Imports into Roumania by Principal Classes, January to June, 1919—Concluded*

Classes of Merchandise	Value Lei	Percentage of total
Rubber articles.. . . .	10,500,822	0.94
Mineral water and salts.. . . .	126,481	0.01
Stone products.. . . .	54,354	0.00
Glassware.. . . .	1,939,189	0.17
Oil products.. . . .	1,642,211	0.15
Metal goods.. . . .	19,178,949	0.91
Machinery.. . . .	5,996,508	0.54
Vehicles .. . . .	254,601	0.02
Boats.. . . .	5,550	0.00
Watches.. . . .	1,637,827	0.15
Music instruments.. . . .	6,917	0.00
Games.. . . .	10,382	0.00
Chemicals and drugs.. . . .	9,666,106	0.87
Perfumes.. . . .	2,881,546	0.25
Colours.. . . .	3,573,417	0.32
Explosives.. . . .	261,436	0.02
Totals .. . . .	1,114,549,722	100.00

## SOURCES OF SUPPLY.

British, French, United States, and Canadian goods commenced to reach Roumania in large quantities about the month of July, 1919, and since that date these countries have improved their relative positions in the Roumanian trade, while there has been a falling off in the proportion of imports from Italy and Spain. German and Austrian goods have reached Roumania by way of Switzerland, but the amount has not been large. The Japanese have also been among those who have been active in attempting to develop commercial relations with Roumania.

The exchange situation since the beginning of the year 1920 has restricted importations to articles absolutely essential. Goods could not be ordered so long as there were stocks in the country purchased when the exchange value of the lei was lower. These stocks, however, are now (May, 1920) being rapidly reduced, and importation will soon again be necessary.

Great Britain has sent a large quantity of textiles of all kinds to Roumania. The British Government accorded a credit of £500,000 for the purchase of supplies and materials for the Roumanian railways. Another credit of £500,000 was granted to the Farmers' Co-operative Society by a banking organization in Manchester, under which purchases of textiles and farm machinery have been made. During the summer of 1919 the credit insurance scheme of the British Board of Trade was applied to Roumania, but was abandoned before many firms were able to avail themselves of the facilities offered. Roumania has also received supplies of metal goods of all kinds, tools, machines, safes, leather, and other articles from Great Britain. British goods are in evidence in Roumania in nearly all branches of trade.

After British goods, a large quantity of merchandise has been imported into Roumania from France, and in spite of the exchange difficulties French goods are still being brought in. Roumanian firms have received merchandise from France shipped in small lots by railway. The lines supplied from this source are the typical products of French industry, such as soaps, perfumes, dress goods, ladies' wear, fine woollens, hats, ladies' footwear, men's ties and shirts, canned foods, drugs, paints and varnishes, motor tires, gramophones, and surgical appliances. Naturally the restrictions on the importations of luxuries have lately curtailed the trade in most of these lines.

Many commercial travellers from the United States have visited Roumania since the armistice, and besides relief goods, a considerable amount of business has been done in iron and steel articles, nails, wire, screws, galvanized iron, caustic soda, oxide of zinc, soap, boots and shoes, socks and stockings, canned fruits, typewriters, cash registers, toilet articles, tractors, and motor cars.

A certain quantity of goods has been imported from Germany, Czecho-Slovakia, and Austria by way of Switzerland, the chief lines being cheap iron goods, nails,

kitchen utensils, enamelled ware, and cotton goods. Railway material and furniture have also been imported direct from Austria. Discouraged by the unfavourable exchange position with allied countries, Roumanian importers have lately been seeking supplies from Germany, but so far their expectations have not been realized regarding cheap prices and possibilities of early delivery.

Numerous offers for all kinds of goods are now beginning to be received from Czecho-Slovakia on terms said to be advantageous, but the possibility of early deliveries are uncertain. This country has also been negotiating with Roumania for an exchange of products. Last year a large quantity of coke was received from this source in exchange for salt and other products, while lately the Farmers' Co-operative Society of Roumania has arranged for the purchase of 5,000,000 lei worth of ploughs and other agricultural implements from Czecho-Slovakia.

## SUPPLIES FROM CANADA.

Agricultural machinery was the only considerable export from Canada to Roumania before the war. In the spring of 1919 the Canadian Government, acting through the Canadian Mission in London, accorded the Roumanian Government a credit of \$25,000,000 against five-year treasury bills for the purchase of necessary supplies in Canada. The total amount of the credit was proportioned in the following manner:—

For manufactured products.....	\$14,400,000
foodstuffs.....	4,300,000
raw materials.....	4,300,000
shipping charges, etc.....	2,000,000
<b>Total.....</b>	<b>\$25,000,000</b>

The agreement was sanctioned by Order in Council of April 2, 1919. The credit expired on December 31, 1919, on which date all but \$2,626,532.73 of the total amount had been utilized. Orders were placed under the credit for the following goods, which were purchased in Canada by the Canadian Government acting through the Canadian Trade Commission, Ottawa, and shipped to Roumania on account of the Roumanian Government:—

Manufactured Products.	Value.	
Binders (3,150).....	\$ 636,000 00	
Binders, spare parts.....	34,995 10	
Canvas covers for binders.....	—	
Binder twine (2,000 tons).....	940,996 00	
Woollen goods.....	3,192,588 85	
Churns and butterworkers.....	12,790 00	
Axes, saws, picks, etc.....	133,319 25	
Picks, adzes, etc.....	3,424 00	
Paints, varnishes, etc.....	259,157 15	
Shirts and overalls.....	1,696,540 50	
Hose and sweaters.....	698,902 50	
Men's suits.....	3,809,895 38	
Socks and stockings.....	901,123 70	
Bags and twine.....	94,172 00	
Roofing.....	327,000 00	
Nails.....	353,774 49	
Steel rails and accessories.....	545,482 00	
<b>Total.....</b>		<b>\$13,640,160 92</b>
<b>Foodstuffs—wheat.....</b>		<b>3,324,085 21</b>
<b>Raw materials—</b>		
Textiles.....	\$2,624,533 71	
Yarn.....	898,020 00	
Pig iron.....	66,138 48	
		<b>3,588,692 19</b>
<b>Shipping charges, etc.....</b>		<b>1,576,072 67</b>
<b>Total amount of credit utilized.....</b>		<b>\$22,373,467 27</b>



The bulk of the above goods arrived in Roumania during the late summer and autumn of 1919 and were distributed by the Roumanian Government. The Ministry of Agriculture was given charge of the distribution of the binders, binder twine, and certain tools which were offered for sale to the landowners and peasants at cost. The other manufactured supplies were distributed by the Ministry of Commerce and Industry, mostly to railway and other employees of the Government through the medium of co-operative stores, which are organized among the employees of practically all branches of the Government under the supervision of the ministry concerned. Certain urban co-operative societies also received some Canadian supplies for distribution. The Canadian goods were distributed practically at cost, a small percentage being added to cover expenses. The binders and twine arrived rather late for distribution during the season of 1919, so that only a little over 150 machines were sold last year, but preparations are being made for their sale during the coming harvest season. Part of the other Canadian supplies are also still being distributed.

In addition to the goods sent to Roumania under the above credit, the Canadian Woollen Manufacturers' Association have had a representative in Roumania for several months and important orders amounting to several million dollars have been taken from leading drygoods firms, a co-operative society, and Government departments.

With \$20,000,000 worth of Canadian products sent to Roumania during the past year under credit afforded by the Canadian Government, Canada has already an important stake in the Roumanian market. The writer has interviewed the Roumanian officials in charge of the distribution of these products, and in every case satisfaction was expressed regarding the quality of the goods supplied from Canada. An excellent introduction has thus been afforded Canadian products, and it rests with the manufacturers and exporters to take advantage of every opportunity to establish permanent connections with this market, which promises to be of growing importance in the future.

#### IV.

##### Present Economic and Financial Position.

The outstanding features of the present economic position in Roumania are the deficiency of internal transport, the small amount of exports, and the low exchange value of the Roumanian lei. These three factors are closely interrelated with one another, but the transport crisis may be said to be the fundamental problem now confronting the country. The exchange situation renders ordinary trade with Roumania almost out of the question for the present, since it is evident that with the lei quoted at between two and two and a half cents as compared with a par value of 19.3 cents, Roumanian importers can only pay cash for goods absolutely essential. Credit therefore becomes for a time an important consideration in the promotion of business relations with reliable Roumanian firms and organizations. Negotiations are also in progress with a view to the exchange of products on a barter basis. It is necessary to carefully inquire into these questions and also as to how long the present situation is likely to continue. Attention should first be directed to the important matter of internal transport.

##### LACK OF LOCOMOTIVES.

As pointed out in my report of April 25, published in *Weekly Bulletin* No. 854, the transport crisis is chiefly due to the deficiency in the number of locomotives in good working order. Before the war there was a railway system of 2,200 miles in Old Roumania, for the needs of which 1,000 locomotives sufficed. At the present time Greater Roumania has a network of 4,200 miles of railway and the number of

locomotives is 1,965, of which about 550 are in service. Only about 200 of these, however, are in good working order. When the Germans and Austrians evacuated Roumania they took with them most of the locomotives in running order. The Roumanians later obtained many locomotives and other rolling stock from Hungary during their occupation of that country, but these locomotives have been for the most part useless, since they are not adapted to burning oil, the chief fuel used on the Roumanian railways, and the majority are also badly in need of repairs.

Roumania has not proper facilities for effecting heavy repair work of the kind needed to restore most of the idle locomotives to working efficiency. The policy has lately been adopted of giving two or three locomotives at a time over to the private workshops belonging to the oil and industrial companies, and in this way a great deal of repair work has been done, although for the most part of a temporary character. The large works near Temisoara, formerly operated by the Hungarian State Railways, are also being utilized for repair work and for converting into oil burners the locomotives obtained from Hungary last year. There has been a shortage of materials, although a large amount of necessary supplies were brought in under the credit for £500,000 accorded by the British Government. A British railway commission has been in Roumania for several months studying the situation and recommending what supplies should be obtained under the credit referred to. This commission is now winding up its affairs.

Nearly all the railway bridges destroyed by the Germans on leaving the country have been temporarily repaired by the Roumanians, so that trains can be operated without interruption. The long bridge over the Danube on the line to Constantza, which was blown up by the Roumanians in 1916, has, however, not yet been repaired, and trains have to cross the damaged section on pontoons.

A noticeable improvement in the operation of the railways has recently been effected as a result of the above measures, but the facilities provided are still far from being sufficient to cope with the demands for transport. There is no lack of railway cars, although passenger cars are mostly without window glass and otherwise badly in need of repairs. The Government has now decided that it is necessary to purchase new locomotives, and tenders are being called for. An order for fifty locomotives has been placed with the Baldwin Locomotive Company of America and deliveries of ten a week are to commence in July, 1920. Payment is to be made in six months in either oil or dollars. As soon as the Government can secure the necessary funds abroad, other orders are to be placed for locomotives up to about 500, which is considered the minimum number required for the present. Parts and accessories for locomotives and railway tools, as well as clothing and other articles for the use of the railway personnel, are also to be purchased abroad.

#### EFFECT OF THE TRANSPORT CRISIS.

The receipt of new locomotives should greatly relieve the present crisis. The disorganization of the railway services has practically paralyzed the economic life of Roumania. The exportable products of the country cannot be moved readily to the ports or neighbouring countries, while it is frequently a matter of months for import consignments to be transported to Bucharest from the ports of Galatz and Constantza. Great difficulty has been experienced in moving the crops, and this applies not only to the surplus exportable products of the country but also to supplies for the consuming centres. The oil industry has been greatly handicapped by the lack of transport. Drilling operations have been largely suspended owing to the difficulty of transporting materials and equipment, while oil for export has been blocked, although the reservoirs are full. Over 200,000 tons of oil products are at the refineries awaiting shipment. The suspension of drilling operations has resulted in a decrease in the daily production of crude oil since the armistice from 3,000 to 2,000 tons a day, and as compared with a pre-war production of 5,000 tons a day. Petroleum residue



is the chief fuel for Roumanian industries, and factories have had to close down owing to the difficulty of obtaining fuel. Similarly there has been a shortage in the towns of fuel for heating purposes, although the oil fields are within a few miles of such cities as Bucharest, Braila, and Galatz. The transport crisis has also greatly affected the timber industry both in the Old Kingdom and in Transylvania, and there is a large quantity of sawn timber in the country which cannot be exported for lack of transport. The same applies to salt, which could be exported in almost unlimited quantities provided the transport facilities were available.

The ports of Galatz and Constantza are greatly congested with goods, and importers often have to wait several months before securing railway cars to transport their merchandise to the centres of consumption. To overcome these difficulties several firms have purchased motor trucks for the purpose of carrying their goods, while certain private companies have organized services of motor trucks for transporting goods between different parts of the country. Peasant carts are another of the means of transport availed of to relieve the present crisis. Many peasants are thus neglecting their fields, attracted by the profits which can be made by carting supplies and merchandise to the larger towns. Importing firms in Bucharest also utilize the river Danube, bringing goods from Galatz by barges to Giurgiu, and from thence to Bucharest by railway, motor truck or peasant cart. The limited number of barges and steamers available on the river Danube restrict the extent to which these facilities can be utilized.

The above is a review of the present conditions of internal transport in Roumania. The Government realizes that this problem is one of the most important now confronting the country and every effort is to be made to restore the operating efficiency of the railways. The chief difficulty is to secure the funds abroad wherewith to purchase the necessary materials and locomotives. Negotiations are in progress for the raising of a foreign loan, and a measure has been passed for placing at the disposal of the Government the funds resulting from the sale abroad of the exportable products of the country.

#### ABSENCE OF EXPORT.

It is seen to what extent the lack of adequate transport facilities has crippled the export trade of Roumania in cereals, oil, timber, and other products. There is also a diminution in the quantity of available export products as a direct result of the war and the German occupation. Cereals were the chief export from Roumania previous to the war. When the Germans retired from the country there was a shortage of seed grain, draught animals, and agricultural implements. As a result the spring sowings of 1919 were very much below the average of previous years, and the Government, for fear of short crops, was led to regulate the movement of grain, fix maximum prices, and prohibit exportation. The total crop of wheat in 1919 proved to be a little over 61 per cent of the average for the five-year period 1911-15; that of rye slightly in excess of this average; that of barley 41 per cent of the 1911-15 average; and the crop of oats 52.46 per cent. It was estimated that there would be a surplus of 150,000 tons of wheat available for export, but the autumn sowings being very much less than anticipated (only 25 per cent of the average cultivated area), the restrictions on the movement and export of cereals were continued in force. At present (May, 1920) the results of the spring sowings are being awaited, but in the meantime the exportation of wheat, rye, oats, and colza (rape seed) is prohibited, the only agricultural products permitted to be exported being corn, up to a maximum of 300,000 tons; beans, up to a maximum of 20,000 tons; and millet, up to a maximum of 30,000 tons.

#### AGRICULTURAL SITUATION.

The cultivated area is not likely to show any increase this year over the spring sowings of 1919. The Government has distributed seed grain in sufficient quantities, but the peasants are for the most part disinclined to work. They have a sufficient

quantity of money stored up and can often earn more by transporting merchandise to the towns than by working their fields. They grow enough corn for their own use, but are not inclined to raise a large amount of wheat and other exportable products. The people of the city of Bucharest are spending money at the rate of several million lei a day, and the greater part of this goes to the peasantry, who are thus enjoying unusual prosperity, although feeling the shortage of clothing, implements, and other articles. The large estates of over 247 acres have been expropriated and the land is being distributed among the peasants and agricultural workers, so that each cultivator will have at least 12.35 acres of land. The expropriated land has been in the hands of peasant associations awaiting distribution, and difficulty has been found in persuading the peasants to work on the land thus held in common. In view of the expropriation and the difficulty of securing agricultural labour, the estate owners are not able to produce on the same scale as before the war. Under the above circumstances there is not likely to be any large surplus of cereals, other than corn, for export abroad this year, and it will take several harvests before Roumania reassumes its position as one of the principal grain-exporting countries.

#### EXPORTABLE PRODUCTS.

Dr. Anghelescu, the former chief of the Commercial Department of the Ministry of Commerce and Industry, has estimated that when normal production and transport is once more attained there will be an exportable surplus from Greater Roumania of 5,000,000 tons of cereals, 1,000,000 tons of petroleum products, 500,000 St. Petersburg standards of timber, and a large quantity of salt.

At the present time all export is under Government control. The only products permitted to be exported are corn, beans, and millet (up to the quantities above mentioned), pine and beech wood, horse and ox hair, the residues of all kinds of oils, waste paper, waste wool, intestines and animal tails, feathers, grass for brooms, horns, hare and fox fur, alcohol, wine, yeast, burned-wood articles, blouses and Roumanian textures, gypsum (sulphate of calcium hydrate), osiers, baskets and matting, hammer handles, used stamps, petrol, benzine, and mica.

The object of the recent decree placing all export under the control of the Government is to provide additional revenue and also the means whereby funds may be obtained for the purchase abroad of necessary supplies and equipment for the railways and other public undertakings. For the latter purpose the Government proposes to engage directly in export and to arrange for the exchange of products with other countries. Products will be purchased at the internal prices ruling in the country and exported by the Government directly or through authorized syndicates specially formed for the purpose under the control of the Ministry of Commerce and Industry.

Private parties are only granted export permits under special conditions and a tax is levied on the profit resulting from the transaction. To determine this profit a price commission establishes each month the price ruling for exportable products in the country and the prices obtainable for the same products in the principal importing markets. The tax amounts to 50 per cent of the difference between the internal and export prices thus established, except when this difference is more than 100 per cent the tax is 60 per cent. Preference is shown in the granting of export permits to organizations desirous of shipping products abroad in compensation for necessary supplies which they wish to purchase from foreign countries.



## V.

## The Exchange Situation.

The absence of any large amount of export from Roumania to balance the heavy importations following the armistice has naturally brought about a decline in the exchange value of the Roumanian lei. This decline was postponed for a time by the purchasing of a part of the imported supplies on credit, but when the bills for these goods commenced to fall due, the lei rapidly depreciated. The following are the rates in lei for United States dollars and pounds sterling at Bucharest on the first day of each month from October, 1919, to May, 1920, as given by the banking house of Marmorosch, Blank & Company:—

Date.	Exchange rates.	
	For \$ U.S.	For £.
October 1, 1919.. . . . .	20.50	91
November 1, 1919.. . . . .	21.50	92
December 1, 1919.. . . . .	28	122.50
January 1, 1920.. . . . .	35	138.50
February 1, 1920.. . . . .	59	205
March 1, 1920.. . . . .	59	215
April 1, 1920.. . . . .	66.20	259.65
May 1, 1920.. . . . .	61.66	236.32

## OVERISSUES OF PAPER MONEY.

In addition to the unfavourable balance of trade, another cause of the depreciation in the value of the lei is the large amount of paper money in circulation. This is estimated to amount to over 11,000,000,000 lei, as compared with the circulation of bank notes in 1915 of 672,702,589 lei, of which 84 per cent was secured by reserves of treasure. There are four kinds of paper money at present circulating in Roumania, viz.:—

1. Notes of the Roumanian National Bank of issue.
2. Notes of the Banque Générale issued in lei by the Germans during the occupation but stamped in 1919 by the Roumanian Government.
3. Crown notes of the Austro-Hungarian Bank circulating in Transylvania, Bucovina, Maramuresh, Crishiana and Banat, but stamped by the Roumanian Government in 1919.
4. Roubles circulating in Bessarabia.

The first-named notes of the National Bank of Roumania are estimated to amount to over 4,000,000,000 lei, against which the bank is said to hold a treasure reserve of 495,000,000 lei. The circulation of these notes is being added to from time to time in accordance with the exigencies of the State.

The Germans issued during their occupation of the country notes in lei of the Banque Générale Roumaine to an amount estimated at 2,136,000,000 lei. These notes state on their face to be guaranteed by the Imperial Bank of Germany. The Roumanian Government to prevent counterfeiting stamped these notes during the summer of 1919.

The notes in crowns of the Austro-Hungarian Bank circulating in Roumanian territory were also stamped in 1919 for the same reason and as a protection against the smuggling of additional notes of the same bank from Hungary. The official rate of exchange for stamped crown notes is two crowns to one lei. The roubles circulating in Bessarabia are those of various régimes, but only the Romanoff and Lvov roubles are officially recognized. The rates of exchange of these notes for lei fluctuate as no attempt has been made by the Roumanian authorities to stamp the rouble notes. The total amount of crown and rouble notes circulating in Roumanian territory is estimated at prevailing rates of exchange to be approximately 5,000,000,000 lei.

## REDEMPTION OF FOREIGN ISSUES.

It is thus seen that there are approximately 7,000,000,000 lei of notes of foreign issue circulating in Roumanian territory. It is now proposed to commence taking measures for the redemption of these issues with notes of the National Bank of Roumania, thereby unifying the money in circulation as a first step towards currency reform. For this purpose 2,500,000,000 lei of new notes have been ordered in France. The National Bank will loan this amount to the Government without interest, being recompensed only for the expense of manufacturing the notes and redeeming the foreign issues. It is expected that the redemption will commence on about August 1, 1920. Notes of the National Bank will be given in exchange for 40 per cent of the value of the notes to be redeemed. For the remaining 60 per cent receipts will be given, which the State undertakes to redeem in cash bonds payable in legal tender after three to six months or through a loan or any other means which will be found convenient. This measure is rendered necessary by the fact that the notes received are not sufficient to redeem the full amount of foreign issues in circulation. Hence a forced loan of the kind described has been resorted to as a temporary measure until a further supply of new notes can be received.

## RECOVERY FROM PRESENT POSITION.

The unifying of the currency should serve in some measure to stabilize the exchange value of the lei. In order to restore the value of the lei to par, it is necessary that the amount of paper money in circulation should approximate the currency requirements of the country. The present circulation is over twenty times that of before the war. The Government has great difficulty in providing the revenue to meet the heavy expenses necessary for the work of reconstruction. The necessity of still maintaining a large number of men under arms has added greatly to the financial burdens of the State. Recourse is had to the raising of loans and the issue of paper money. Thus the circulation of notes of the National Bank has been increased by about 1,000,000,000 lei during the past year. On the other hand Roumania has more than doubled in size since the war so that the return to normal production, enlarged foreign trade and the increased exploitation of the natural resources of the country should absorb a large part of the additional paper money in circulation. Agriculture is the chief industry of the Roumanian people, and the other industries of the country are also only in a small degree dependent upon materials and equipment from foreign countries. With the restoration of the transport services to working efficiency, Roumania should therefore quickly recover from her present position and the revival of foreign trade will enable her to adjust to some extent the financial problems now confronting the country. Three harvests have been estimated as the necessary period for this recovery, but the question is dependent upon so many considerations that any prediction must be taken very conservatively.

## GRANTING OF CREDIT.

Roumanian importing firms and organizations have faith in their own country and the eventual appreciation of the value of the lei. Credit is therefore asked in the purchase of most supplies imported from abroad. In the case of goods in great demand, such as canned foodstuffs, textiles, articles of apparel, hardware, etc., cash against documents at the rate of the day is often paid, but in other lines of trade accommodation is usually requested of six, nine or twelve months, against bank guarantees or deposits in lei. These latter are usually for the full amount of the invoice at a fixed rate of exchange, such as 20 or 30 lei to the dollar, the undertaking being given to pay the full amount at the rate of the day at the end of a definite period, or earlier should the rate approach that fixed. Government orders are usually financed by the acceptance of treasury bonds, three or five years, bearing six per cent interest. These bonds are in the currency of the party delivering the goods. Italian,



Spanish, French and British firms have been doing a considerable business with the most reliable Roumanian firms on a credit basis, and in thus accommodating the Roumanian purchaser in the present difficult period they have been laying the foundations for business in the future, which will be conducted under less difficult conditions for both parties. Considerable losses resulted from the too liberal granting of credit, combined with the sharp depreciation in the value of the lei last year, but with proper precautions against a fall in the exchange rate and with discretion in the choice of customers, it should be possible for Canadian firms to make the financial arrangements necessary to enable them to execute orders on credit for the best class of Roumanian importers. The future possibilities of the Roumanian market renders this matter worthy of careful consideration on the part of Canadian exporters and financial institutions.

## VI

### Public Finance

#### THE FIRST BUDGET OF GREATER ROUMANIA

Bucharest, August 26, 1920.—The Budget Bill which was introduced to the Chamber on July 21 by M. Take Jonescu, the Acting Minister of Finance, is of great interest by reason of its being the first complete budget presented for Greater Roumania as constituted by the Peace Treaties. The minister explained that in view of the short time available it had only been possible to prepare a provisional budget, which must be considered subject to modification. The total revenues for the financial year to June 30, 1921, have been estimated at 6,100,000,000 lei, while on the side of expenses the budget shows a total of 6,600,000,000 lei. There is therefore a deficit recorded amounting to 500,000,000 lei. The minister explained that it had been thought wiser to underestimate rather than overestimate the revenues, so that this deficit may be ultimately reduced. On the other hand the budget provides for the upkeep of the army on a peace footing only, whereas many soldiers have not yet been demobilized. Provision is made for paying interest on treasury bonds issued abroad and other foreign obligations at par, whereas the present rate for sterling is about six times that of the par rate of exchange.

It is of interest to show the proportions of the total revenues which have been calculated for the different provinces of Greater Roumania, as follows:—

Old Roumania, of before the war.. . . .	Lei 4,470,000,000
Transylvania.. . . .	1,250,000,000
Bessarabia.. . . .	270,000,000
Bukovina.. . . .	90,000,000

NOTE.—Par value of the lei equals 19·3 cents.

The principal sources of income are estimated thus:—

Direct taxes.. . . .	Lei 460,000,000
Indirect taxes.. . . .	1,900,000,000
Public services.. . . .	1,650,000,000
Railways.. . . .	1,400,000,000

The imposition of a graduated income tax has been postponed, but may possibly be included among the subsequent modifications.

The repartition of expenditures by departments of state has been settled as follows:—

The Ministry of War.. . . .	Lei 900,000,000
The Ministry of Finance.. . . .	1,527,000,000
The Ministry of Communications.. . . .	1,163,000,000
The Ministry of Interior.. . . .	702,000,000
The Ministry of Public Instruction.. . . .	856,000,000
The Ministry of Public Works.. . . .	421,000,000
The Ministry of Justice.. . . .	203,000,000
The Ministry of Domains.. . . .	132,000,000
The Ministry of Industry and Commerce.. . . .	116,000,000
The Ministry of Labour.. . . .	24,000,000
The Ministry of Foreign Affairs.. . . .	21,000,000
The Agrarian Committee.. . . .	81,000,000
The Department of Provisions and Reconstruction.. . . .	16,000,000
Funds for opening of extraordinary credits.. . . .	496,000,000

#### COMPARISON WITH PREVIOUS YEARS

Mr. I. N. Anghelescu, the Director-General of the Roumanian Public Debt, gives in his report the figures of the total revenues and expenditures for the financial years from 1916 to 1919, showing the great increase of expenditure as compared with revenue. The following are the totals for the years in question, which of course cover the period of the war and initial reconstruction:—

Year	Revenue	Expenditure
1916.. . . .Lei	379,000,000	Lei 1,027,000,000
1917.. . . .	187,000,000	787,000,000
1918.. . . .	419,000,000	1,646,000,000
1919.. . . .	1,140,000,000	4,127,000,000*

\*Estimated.

#### THE PUBLIC DEBT OF ROUMANIA

The total public debt of Greater Roumania is estimated at approximately 26,000,000,000 lei, comprised of a consolidated debt of 4,000,000,000; a floating debt of 7,000,000,000 lei calculated at par rates of exchange; 5,000,000,000 lei to the National Bank of Roumania and 10,000,000,000 lei is comprised of the proportions of the public debts of Austria-Hungary and Russia which have been assumed by Roumania upon the acquisition of the territories of Transylvania, Bukovina and Bessarabia.

M. Titulescu, the Minister of Finance, is at present in Western Europe for the purpose of raising a foreign loan and of postponing the payment of the war debt. He attended the Spa Conference and presented the claims of Roumania for a share of the German indemnity. M. Take Jonescu, the Minister of Foreign Affairs and the Acting Minister of Finance, who presented the budget, is leaving at the end of August to join M. Titulescu. In view of these pending negotiations the Budget Bill was voted for during the present session, but detailed discussion was postponed until the next session of the chamber, which will be held in the autumn, and when possible modification may be introduced.

## VII

### The Country and Its People

Greater Roumania, as constituted by the Peace Treaties, is comprised of the Old Roumania of before the war, with its historical subdivisions of Wallachia, Moldavia and Dobrudja; the ancient Austrian principality of Transylvania, together with the neighbouring Hungarian provinces of Maramuresh, Crishiana and Banat (exclusive of Torontol); the former Austrian territory of Bucovina; and the Russian province of Bessarabia.

This territory forms a compact geographical block almost circular in form and inhabited by a population of which over three-fourths are of Roumanian nationality.



The area and population of the various component parts of Greater Roumania are shown in the following table:—

	Area Square Miles	Population
Old Kingdom.. . . .	53,222	7,904,104
Transylvania.. . . .	22,309	2,904,104
Maramuresh.. . . .	6,258	766,666
Crishiana.. . . .	8,037	1,316,981
Banat (exclusive of Torontol).. . . .	7,143	900,000**
Bucovina.. . . .	4,030	300,098
Bessarabia.. . . .	17,142	2,344,800
Total.. . . .	118,141	16,711,016

\*\*Approximate.

#### GEOGRAPHICAL FEATURES

The central part of Greater Roumania consists of the main ridge, plateaus and foothill valleys of the Carpathian mountain system, which at first runs in a north-west to southeast direction until almost opposite the mouth of the Danube it takes a sharp turn to the west and is continued under the name of the Transylvanian Alps. The territory enclosed by this bend in the mountain system is the plateau of Transylvania, which is considered the ancient home of the Roumanian race. Almost encircling the mountain region are the plains of Bessarabia and of the Moldavia plateau, the plains of the Danube and those of Banat and Crishiana. The latter is to the west of Transylvania and are part of the great plain of Hungary.

The whole of the Delta region of the Danube mouths is in Roumanian territory. The river Danube follows regularly the curve of the Carpathian mountain chain at an average distance of from 60 to 120 miles to the south. Near the point where the city of Galatz stands, the river turns sharply to the east and empties its waters into the Black sea. Four-fifths of the total commerce of Roumania passes in normal times by the Danube. The position of Roumania as a geographical appendage of the mouths of the Danube has therefore an important influence on the commerce of the country.

#### BOUNDARIES

Roumania has a coast line of over 300 miles on the Black sea. On the northeast the boundary with Russia (Ukraine) follows the river Dniester, while on the south the Danube forms the boundary with Bulgaria and Jugo-Slavia, except that at Silistria the boundary runs from the Danube to the Black sea to form the base of the triangle known as the Dobrudja. This is the new boundary settled after the Second Balkan War in 1913. On the west the boundary of Roumania with Jugo-Slavia and Hungary follows no regular geographical features, while on the north the provinces of Maramuresh and Bucovina are separated from the new countries of Czecho-Slovakia and Poland by a line which crosses the complex mountain mass of the Carpathians.

#### THE NATURAL RESOURCES OF ROUMANIA

Greater Roumania is rich in agricultural, mineral, forest and fishery resources. Geographically the country may be divided into mountains, foothills and plains, and this division assists in a comprehension of its varied natural resources. The Carpathian mountain chain extends through Roumania in a great curving arc for a distance of about 800 miles from Bucovina to the Danube. In the north the mountain mass is complex, consisting of parallel ridges and deep valleys. Towards the south the mountains are more regular in form. The highest peaks, which are over 8,000 feet in height, are found in the Southern Carpathians, generally known as the Transylvanian Alps.

The mountains of Roumania serve as the collectors of the moisture, snow and rain, required for the fertilization of the lower valleys and plains. The slopes of the mountains are covered with immense forests, which extend up to about 5,500 feet above sea level. On the higher slopes only pines and other coniferous trees are found. Beech forests are frequent at about a height of 3,300 feet, while at the lower levels the forests are mostly composed of trees of the deciduous species such as oak, beech, elm, ash, maple and birch. Above 5,500 feet commences the zone of alpine meadows and rocks. These alpine meadows provide the summer pasturage for large flocks of sheep, cattle and horses. It is stated that before the war about 6,000,000 sheep were driven every spring from the plains of Old Roumania up into the mountains, where they remained until the autumn.

#### THE FOOTHILLS.

On both sides of the main mountain chain foothill spurs extend in a series of undulations until they gradually merge into the plains. The slopes of these foothills are also covered with forests, chiefly trees of the deciduous species. Rivers cut their way through the foothills to form fertile valleys, which are among the most productive and prosperous districts of Roumania.

The province of Transylvania and Maramuresh are comprised of a hilly plateau region, which includes the western and northern slopes of the main Carpathian chain and the foothills which extend to the great plain of Hungary. These provinces have productive mines of gold, silver, copper and iron, while coal deposits are worked in the Transylvania Alps and in the mountains of the Banat. About 44 per cent of the total area of Transylvania and Maramuresh is covered with forests. Stock raising and sheep farming is one of the chief occupations of the inhabitants. The river valleys are the only level places in those provinces, although north of Brassov there is a wide fertile plateau known as the "Golden Plain."

In Old Roumania the foothill region is most extensive in western Wallachia. Along the valley of the Olt river the foothills extend for about 90 miles from the Carpathians. Further east the hilly region contracts until it is less than 25 miles broad opposite the Danube mouths. The hills range from 600 to 2,300 feet in height, being for the most part lower in Wallachia than in Moldavia.

#### OIL AND SALT.

It is in the region of the foothills that the rich resources of petroleum and salt are found. The oil field extends along the base of the foothills in eastern Wallachia and Moldavia. The district of Prahova, north of Bucharest, furnishes the bulk of the crude oil produced in Roumania. There are 35,000 acres of known oil lands in Roumania yet to be exploited and about 300,000 acres of probable oil lands not yet explored.

Abundant deposits of pure rock salt are found in several districts along the base of the Carpathians. The most important is that of Oenele Mari in the valley of the Olt river in Wallachia, while in central Moldavia there is another rich deposit at Targu-Ocna. The only other deposit at present exploited is that of Slanic in the district of Prahova, near the oil fields. Salt is a government monopoly in Roumania and the deposits are worked by the state. The production before the war amounted to approximately 125,000 tons a year.

#### MOLDAVIA AND BESSARABIA.

The Moldavian plateau is a hilly wooded region of an average height of about 1,000 feet above sea level. It is comprised of a series of terraces with a fertile soil, producing rich crops of corn and other cereals. Moldavia is watered by the rivers Sireth and Pruth, which flow parallel to the Carpathian chain and finally join the



Danube near where it enters the Black sea. Bessarabia resembles Moldavia and extends as far as the river Dniester. This territory was one of the richest provinces of Russia in the cultivation of cereals, fruits and wines. Southern Bessarabia, near the Danube delta is, however, an arid and sun-scorched region.

#### THE PLAINS.

In Wallachia and southern Moldavia the great plains of the Danube slope gradually from the region of the foothills towards the Danube. Large but shallow rivers, such as the Jiu, Olt, Arges and Jalomitza, flow directly across these plains from the mountains to the Danube. This region is the great cereal-producing section of Roumania. The climatic conditions are especially favourable to the cultivation of wheat, and eight districts of Wallachia along the Danube produce more wheat than all the rest of the old Kingdom. About 62 per cent of the total area of the Wallachian plains is given over to the cultivation of cereals. The widest extent of plain is that between Bucharest and the Danube, a distance of 80 miles. This is the great treeless plain of Baragan, the surface of which is covered with a layer of loess. This region, which forty years ago was the grazing ground of large flocks, has with the application of water been made to yield large crops of cereals.

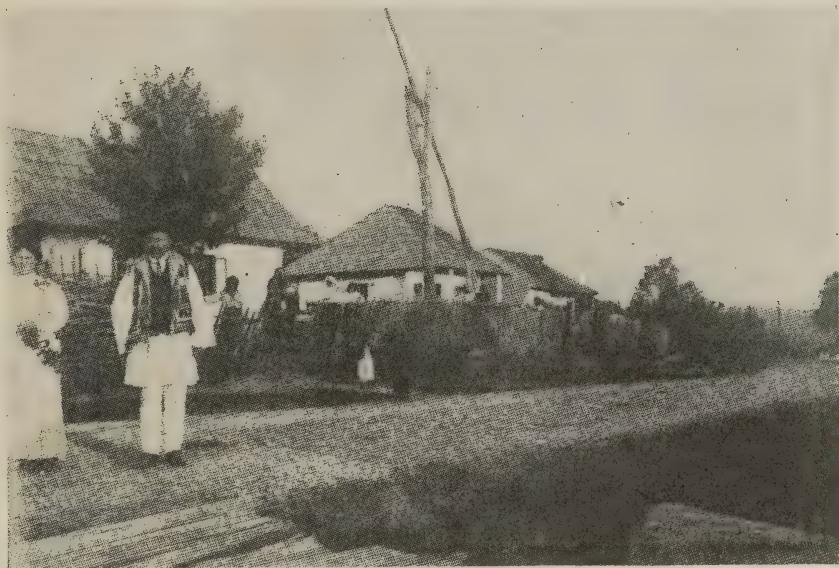
On the west of the Transylvanian plateau, Roumania has another extensive region of fertile plains, given over to cereal cultivation. This is comprised of the rich plains of Crishiana and the Banat, which form the eastern fringe of the great plain of Hungary. These provinces are among the most productive agricultural districts of the former Austro-Hungarian Empire.

#### THE DANUBE.

The river Danube flows through Roumania for over 600 miles, forming for a considerable distance the southern boundary. The breadth of the river is 500 yards at the Iron Gates, which is the narrowest part. The depth varies considerably according to the season of the year. In the spring it is over 82 feet at the mouths and from 10 to 14 feet where the river borders the plains of Wallachia. The left or Roumanian bank of the river is considerably lower than the right bank on the Bulgarian side. The Roumanians call the low-lying region bordering the river, the "lunca." This explains why none of the large Roumanian towns, with the exception of Galatz and Braila, are situated on the bank of the Danube. The lunca also explains the existence of frequent lakes throughout the course of the Danube. These shallow lakes contain plentiful supplies of fish and with the lagunes of the Dobrudja and the Danube delta comprise one of the important sources of national wealth. There are nearly 2,000,000 acres of fresh water in the old Kingdom in addition to considerable bodies of fresh water in southern Bessarabia. The Roumanian Government has the monopoly of the sale of fish to the consumers and before the war derived an annual revenue from this source of over \$500,000. The catch of fish in Old Roumania amounted to from 12,000 to 18,000 tons a year and in Bessarabia to 10,000 tons. The chief kinds of fish caught are the carp, sturgeon, cat-fish and pike. Caviar of various kinds is also prepared to a value before the war of over \$80,000.

#### THE DOBRUDJA.

There remains to be considered the territory between the Danube and the Black sea known as the Dobrudja. This is an elevated plateau region of rolling hills. In the northwest there is a district of rocky hills, in part granite, to the east of which is the region of shallow lakes, productive of fish. The southern part of the Dobrudja is very dry, but the surface is covered with a thin layer of loess and when sufficient moisture is obtained, large crops of wheat, corn, barley and flax are raised.



A. Village in Moldavia.



Valley of the Olt River, Roumania.



## THE CLIMATE.

The climate of Roumania varies in accordance with the different altitudes of the country. The chief characteristics are the extremes of heat and cold and the sudden passage from winter to summer and summer to winter. It has been said that Roumania has no spring. This applies particularly to the old Kingdom and Bessarabia, where in winter cutting winds sweep the country from the Russian plains while the summers are extremely hot. On the Wallachian plains there is a variation of 126 degrees between the temperature of summer and winter (104 degrees in July and 22 in January). The mean annual rainfall for the old Kingdom is 22 inches.

## THE POPULATION.

About 13,000,000 of the total population of Greater Roumania are of Roumanian nationality. The population of the old Kingdom is essentially Roumanian, except that the Dobrudja has a mixed population of Roumanians, Bulgars, Turks, Tartars, Germans, Greeks, Jews and Armenians. About four and a half per cent of the total population of the old Kingdom are of the Jewish faith. The Jews are found chiefly in the larger towns, especially in Jassy, the former capital of Moldavia. According to the statistics for 1914, the proportion of the total population living in the rural communes was 82 per cent, the town population being 1,399,643. The average density of population in the old Kingdom is 147 per square mile, the most thickly settled districts being on the plains of Wallachia, in the foothill valleys of the Carpathians, especially those of the Prahova and Olt rivers, and on the Moldavian plateau. The Dobrudja is relatively sparsely settled with a density of 56 to the square mile.

The population of Roumania was rapidly increasing during the period immediately preceding the war. The average excess of births over deaths was 13 per cent. In 1859 the total population was 3,800,000; forty years later, 5,900,000; in 1906, about 6,500,000; and in 1914 over 7,700,000.

## POPULATION OF THE NEW TERRITORY.

According to the Hungarian official statistics the Roumanians represent 46.2 per cent of the total population of Transylvania, Maramuresh, Crishiana and Banat. The remainder of the population consists of Magyars, 32.5 per cent; Germans, principally Saxons, 11.5 per cent; and Serbs, 4.5 per cent. It is very probable that the Roumanian percentage based on the Hungarian statistics represents a minimum. Roughly speaking it may be said that there are over 3,000,000 Roumanians in these provinces. In Bucovina the people of Roumanian nationality number about 200,000, while in Bessarabia there are over 1,000,000.

The Roumanian population is scattered throughout the new provinces of Greater Roumania. They belong for the most part to the class of peasants, agricultural workers and town labourers. In Transylvania, however, there is a powerful middle class of Roumanian nationality, composed of commercial and professional men and their families. The only district essentially Magyar in Transylvania is that embraced by the bend in the Carpathian mountain chain to the north of the town of Brashov. Kluj is the only Transylvanian town with a predominating Hungarian population. The Saxons, who are descendants of German colonists, live in scattered colonies mostly along the north slopes of the Transylvanian Alps and in towns of Sibiu, Brashov and Bistritza. According to the Hungarian official statistics, the Roumanians in Transylvania number 1,500,000, the Magyars 800,000 and the Saxons 220,000.

In Maramuresh, Crishana and Banat, the Roumanians form the bulk of the peasantry, the Hungarians and Germans being concentrated in the towns and on the large estates. The Banat has a large Serbian population, who are peasants and large landowners. In Bucovina the majority of the peasants are of Roumanian descent, although the Little Russians (Ruthenes) have been rapidly expanding in this pre-

vince. One-third of the population of the town of Czernowitz (Cernautz) consists of Jews, while the remainder is comprised of Roumanians, Little Russians, Germans and Poles. The Roumanians comprise over 60 per cent of the total population of Bessarabia, being almost entirely of the peasant class. The population of the towns is chiefly composed of Jews, Little Russians and Roumanians. Southern Bessarabia, near the mouths of the Danube, has a mixed population of Germans, Bulgars, Russians, Turks and Roumanians.

#### THE ROUMANIAN PEOPLE.

The Roumanians consider themselves to be the descendents of the Daco-Romans, the inhabitants of the ancient Roman colony of Dacia, which was practically continuous with the Greater Roumania of to-day. The typical Roumanian is of the short-skulled, dark-complexioned type, with dark hair and dark eyes. The Roumanian language is still fundamentally Latin, although with a large admixture of Slav words.

The Roman emperor Trajan conquered Dacia in the year 106 A.D., and for over a century and a half this territory was under Roman rule. The Romans implanted their language and civilization upon the original inhabitants, and many colonists from Italy settled in Dacia. With the withdrawal of the Roman legions towards the end of the third century, the plains of the Danube became exposed to a series of invasions by nomadic hordes. Goths, Huns, Avars and Bulgars, and finally the Magyars, overran this territory in turn, and many of the Daco-Roman inhabitants sought refuge in the Carpathian mountains and the Transylvanian plateaus. During the religious struggles of the middle ages many Roumanian nobles emigrated again to the plains of the Danube and Dneister and founded feudal states from which arose the two principalities of Wallachia and Moldavia. The modern history of Roumania then began. This period was first marked by struggles against the growing power of the Turks. For a short period under "Michael the Brave," who ruled 1593-1601, Transylvania was united with Wallachia. Ever since then, however, the Roumanians of Transylvania have been separated from those east of the Carpathians and they eventually became the serfs of Hungary.

Wallachia and Moldavia were finally subdued by the Turks soon after the reign of Michael. In 1774, Austria acquired Bucovina, the northern part of Moldavia, from Turkey, and later in 1812 the Russians obtained the cession of Bessarabia. Turkey conceded home rule to Wallachia and Moldavia in 1822, although they were still under Turkish suzerainty. The three southern districts of Bessarabia were restored to Moldavia in 1856 after the Crimean war. In 1859 Moldavia and Wallachia were united by the spontaneous election in both principalities of the same prince. This action was recognized by the powers in 1861, and the new state, Roumania, came into being with Bucharest as the capital. The first election of a native ruler not being a success, Prince Carol, a Hohenzollern prince, was chosen in 1866 and ruled until 1914. His reign was the making of Roumania both economically and politically. The independence of Roumania from Turkish suzerainty was secured in 1878 by the assistance rendered Russia in the war against Turkey. Roumania also acquired the Dobrudja in exchange for the three southern districts of Bessarabia, which again reverted to Russia. Roumania was proclaimed a kingdom in 1881. It is thus seen that Roumania's history as a modern state only dates back to about half a century ago.

#### EDUCATION.

Primary education is compulsory in Roumania for all children from seven to fourteen years. The dispersal of the population, however, prevents this law from being rigorously enforced and a large proportion of the population is still illiterate. Education in the state primary schools is free. The period of instruction is five years in the rural schools and four years in the town schools. The number of rural schools in Old Roumania in 1914 was 4,960 with 7,500 instructors and an attendance of



533,973 children of both sexes. The town schools numbered 409 with 1,542 teachers and 186,592 pupils. These schools are maintained by the Ministry of Education. The number of pupils attending have increased from 95,000 in 1885 to over 700,000 in 1915. In addition to the primary schools there are secondary schools of various kinds in the towns and two universities (at Bucharest and Jassy), which are attended by over 5,000 students.

#### RELIGION.

The state religion of Roumania is the Greek Orthodox, and 91.5 per cent of the population profess this faith. The Roumanian church was under the patriarch of



Ministry of Foreign Affairs, Bucharest.

Constantinople until 1864, when it was proclaimed national and independent. In the same year the domains of the monasteries, who had acquired one-fifth of the total area of land, were secularized and converted to the state.

The maintenance of the church and of the clergy is included in the general budget of the country and the priests are state officials. Besides their spiritual functions, the priests take an important part in the secular life of the villages as representatives of the state, organizing co-operative stores, credit associations, schools, etc. The number of Orthodox churches in Old Roumania in 1914 was 6,331, in addition to 69 monasteries. The administration of the church rests with the Ministry of Education.

In Transylvania besides the Orthodox church a great many of the Roumanian population support the Uniate Roman church, which while recognizing papal authority conducts its ritual in the Roumanian language.

#### GOVERNMENT.

The Government of Roumania is based upon the Constitution of 1866 passed shortly after the accession of Prince Carol. It is a constitutional monarchy, but the administration is highly centralized. The executive power is entrusted to the king and his ministers, but the latter alone are responsible for the acts of the Government. The legislative power rests with the crown and two assemblies—a senate and a

chamber. The initiative for the introduction of a bill can be assumed by any of the three except that the chamber must first pass upon the budget and the annual bill fixing the strength of the army. The agreement of both chambers and the sanction of the king is necessary before any bill becomes law.

The king promulgates the laws and convenes, adjourns and dissolves the parliament. The decision in changes of regime rests with the crown.



The Post Office at Bucharest.

The chamber, which is elected by universal suffrage, has at present 390 members. There are a number of political parties or groups, which are frequently known by the names of their leaders. The senate is comprised of 205 members, of whom eight are members by right and the remainder elected.

The administration of the Government rests with the cabinet of ministers, of which the prime minister is president. At the present there are thirteen departments and three ministers without portfolio. The following are the names of the ministers comprising the present cabinet (June, 1920):—

General A. Averescu, Prime Minister.  
 Take Ionescu, Minister of Foreign Affairs.  
 D. Grecianu, Minister of Public Works.  
 C. Argetoianu, Minister of Interior.  
 M. Canatacuzino, Minister of Justice.  
 G. Garoflid, Minister of the State.  
 General Rascanu, Minister of War.  
 Octavian Gogo, Minister of Science and Arts.  
 T. Cudalbu, Minister of Agriculture and Domains.  
 General G. Valleanu, Minister of Communications.  
 Petre Negulescu, Minister of Public Instruction.  
 Oct. G. Taslauanu, Minister of Industry and Commerce.  
 Gr. Trancu-Iasi, Minister of Labour.  
 Minister without portfolio for Transylvania, Anton Mocsony.  
 Minister without portfolio for Bucovina, Ion V. Starcea.  
 Minister without portfolio for Bessarabia, Sergiu Nita.



## CHIEF TOWNS.

Bucharest is the seat of government and the principal commercial and financial centre of Roumania. It is a well built city with many beautiful buildings and private residences. The Dambovitza, a small and unnavigable river, flows through the city. Bucharest is situated on the plains about forty miles from the Danube in the midst of the most fertile agricultural sections of the country. The city has a number of textile mills, boot and shoe factories and iron works.

The population of Bucharest has more than doubled since the war as a result of the great increase in the floating population. Thus in 1914 the population of the city was estimated at 345,628, whereas at the present time it is approximately 800,000. The same applies to the other large towns of Roumania. The following shows the estimated population in 1914 of the chief towns of Roumania:—

Bucharest.. . . .	345,628
Jassy.. . . .	76,120
Galatz.. . . .	72,120
Braila.. . . .	65,911
Ploeshti.. . . .	57,376
Craiova.. . . .	51,877
Botoshani.. . . .	32,874
Buzau.. . . .	29,483
Constantza.. . . .	27,662

Jassy, the former capital of Moldavia, is still an important cultural centre and is the chief distributing point for northern Moldavia. A number of textile mills are located in Jassy.

The chief ports of Roumania are Galatz and Braila, which are situated on the river Danube. Galatz is the chief port of importation, and Braila the most important grain shipping port. During the winter the Danube is frozen over and the port of Constantza, on the Black Sea, and Sulina, at the mouth of the Danube, are then substituted for Galatz and Braila. Besides its importance as a port, Galatz has large flour mills, iron works, etc.

The valley of the Prahova river, in the Carpathians north of Bucharest, is one of the principal industrial districts in Roumania, with important cement works, saw-mills, nail factories, paper mills, cloth factories, glassworks and oil refineries. Campina, the centre of the Roumanian petroleum industry, is situated at the foot of the Prahova valley.

Ploeshti has also oil refineries and iron works, and is the distributing centre for a fertile district. Craiova, Botoshani and Buzau are also the centre of agricultural sections.

The principal towns of the newly acquired territories of Roumania, together with the estimated prewar population, are as follows:—

Bessarabia—	
Kishenev (Chisinau) .. . . .	118,000
Bucovina—	
Czernoyitz (Cernauti) .. . . .	86,870
Banat—	
Temishoara .. . . .	72,500
Crishiana—	
Oradea Mare .. . . .	64,000
Arad .. . . .	62,800
Transylvania—	
Kluj (Cluj) .. . . .	60,350
Brashov (Brasov) .. . . .	40,600
Siblu .. . . .	33,200
Maramuresh—	
Maramuresul .. . . .	21,250

As in the case with the towns of Old Roumania, the above centres have also greatly increased in population since 1914.

## VIII.

## The Industries of Roumania.

Agriculture, petroleum and timber are pre-eminently the three leading industries of Greater Roumania, providing occupation for the majority of the inhabitants and contributing the products which comprised the greater part of Roumanian export trade before the war. The manufacture of sugar from beet-root was an important industry in Old Roumania, but most of the factories are now unable to operate owing to the lack of raw material. The iron industry is developed to a certain extent in Transylvania and this province has important coal deposits. Manufacturing industry was making considerable progress in Roumania during the period immediately preceding the war, the most notable development being in the flour, textile, paper, cement and leather industries. In spite of this development in manufacturing industry, the exploitation of the agricultural, oil, and timber resources of Roumania will be for some time to come the foundation of the economic life of the country.

## AGRICULTURE

Over four-fifths of the total population of Roumania are engaged in agriculture. Their energies are chiefly directed to the raising of cereals, about 84 per cent of the total cultivated area being utilized for this purpose. Before the war Roumania was one of the principal grain-exporting countries ranking after Russia, the United States and Canada. In the production of wheat Roumania was seventh among the countries of Europe. Roumanian agriculture first received an impetus in 1829 when the opening of the Straits of the Bosphorus and the Dardenelles to world commerce afforded its products an outlet to the markets of Western Europe. From that date there was a steady development in the cultivation of cereals and a decline in the raising of cattle and other stock.

The average annual export of wheat for the five-year period 1909-14 was 49,747,160 bushels. Roumania is a country which exported a large proportion of the total wheat crop, about 50 per cent of the wheat grown in normal years being shipped abroad, principally to Antwerp. This was due to the fact that maize (corn) is the staple diet for about three-fourths of the population, who rarely consume bread. During the five-year period 1911-15 corn was raised on approximately 34 per cent of the total cultivated area of the Old Kingdom, while wheat crops accounted for about 31.5 per cent. A comparison of the proportions of the total crops of wheat and corn exported abroad is indicated by the following figures for the year 1913:—

	Production Bushels.	Export Bushels.
Wheat . . . . .	80,882,350	42,373,490
Corn.. . . .	122,249,645	38,758,228

In spite of the large domestic consumption, Roumania was the leading corn-exporting country, the export from this source surpassing that from the United States and Russia during the period 1909-14.

The other cereals, which Roumania shipped abroad, were barley, oats, rye and millet. The following figures show the total production and export of these cereals from Old Roumania in 1913:—

	Production Bushels.	Export Bushels.
Barley.. . . .	22,767,007	11,882,458
Oats . . . . .	34,138,442	6,384,154
Rye.. . . .	3,605,111	2,432,095
Millet . . . . .	1,655,578	545,551



The total cultivated area of Old Roumania in normal times was approximately 15,000,000 acres, of which 84 per cent was utilized for cereal production. The remainder of the cultivated area was given over to the growing of natural and artificial grasses (1,460,000 acres); rape seed (200,000 acres); grapes (200,000 acres); beans (110,000 acres); flax (68,000 acres); peas (62,000 acres); beet roots (33,000 acres); tobacco (27,000 acres); and potatoes (30,000 acres). The production in 1913 of the principal of these crops was as follows:—

	Tons.		Tons.
Rapeseed . . . . .	59,027	Potatoes . . . . .	97,604
Flax . . . . .	15,087	Beetroots . . . . .	282,364
Beans . . . . .	152,268	Tobacco . . . . .	9,498
Peas . . . . .	28,779	Wine, hectolitres . . . . .	1,518,883

(33,475,426 gallons).

#### YIELD PER ACRE.

The average yield of wheat per acre in Old Roumania was before the war a little less than 18 bushels. Roumania is therefore behind the countries of Western Europe in the application of agricultural science. Artificial fertilizers are employed to a



Group of Roumanian Peasants.

small extent only on the large estates. Thus in 1913 the importation into Roumania of artificial phosphates amounted to only 753,600 pounds and that of saltpetre and potash salts to 561,000 pounds. With a more general use of artificial fertilizers and the extension of irrigation, the production of cereals in Roumania could be greatly increased.

#### LIVE STOCK.

Stock raising was formerly the chief occupation of the Roumanians, when the country was under the Turkish rule, but with the steady increase of cereal cultivation the number of live stock has declined. Sheep raising is still, however, an important branch of the domestic economy and the Alpine meadows of the Carpathians furnish excellent summer pasture for large flocks of sheep as well as cattle and horses. In 1916 the number of horses, mules and donkeys in Old Roumania was estimated at 1,231,498, horned cattle at 2,937,877 head, sheep at 7,810,809, pigs at 1,382,124.

and goats at 300,609. The Germans took a great number of live stock with them when they evacuated Roumania in 1918, and the Roumanians in their turn later obtained cattle and other stock from Hungary, so that it is impossible to give figures of the number of live stock of different kinds at present in the country.

## EXPORT OF AGRICULTURAL PRODUCTS.

The total export from Roumania in 1913 was valued at \$134,141,000, of which cereals and derivatives thereof accounted for \$89,682,400 or 66 per cent of the total. The export of vegetables, flowers and parts of plants was valued in the same year at \$6,824,000. The following table of the values of the principal agricultural products exported in 1913 will indicate the important role taken by agriculture in the foreign commerce of Roumania:—

	\$		\$
Wheat.. . . . .	41,630,445	Peas.. . . . .	771,048
Corn.. . . . .	23,152,905	Oxen.. . . . .	489,550
Barley.. . . . .	9,668,225	Nuts.. . . . .	373,550
Wheat flour.. . . .	6,808,823	Raw wool.. . . .	365,411
Oats.. . . . .	4,428,048	Millet.. . . . .	320,859
Beans.. . . . .	3,039,700	Tobacco leaf.. . .	224,955
Rapeseed.. . . . .	2,282,624	Skins of sheep and	
Rye.. . . . .	1,804,659	goats.. . . . .	261,579
Eggs.. . . . .	1,665,425	Flax seed.. . . . .	150,065
Bran of cereals.. . .	1,166,411	Meat.. . . . .	143,641

## FUTURE EXPORTABLE SURPLUS.

The above figures apply only to the Old Kingdom. The cultivation of cereals is also developed to a great extent in the new territories of Roumania, especially in Bessarabia and the Banat. It may be estimated that the total pre-war production of cereals in all the territories now comprising Greater Roumania was approximately 14,000,000 tons, of which about 46 per cent was grown in the Old Kingdom. On the basis of these figures it has been estimated that the quantity of cereals which should be available for export from Greater Roumania, when normal production is once more restored, is 5,000,000 tons, as compared with an export from the Old Kingdom in 1913 of 2,758,721 tons.

## AGRICULTURE IN THE NEW TERRITORIES.

Bessarabia was formerly considered to be one of the richest provinces of Russia. Every year there was a large surplus of cereals available for export to Western Europe through the port of Odessa. The area cultivated with cereals is estimated at 6,782,674 acres and the annual production at approximately 2,600,000 tons (nearly 100,000,000 bushels). Corn and wheat are the chief crops raised. The vineyards of Bessarabia are of considerable importance and occupy an area of about 106,000 acres. The annual production of wine amounted before the war to about 110,000,000 gallons. Fruit culture is carried on in Bessarabia chiefly in the Southern and Central districts, the annual production being over 25,000 tons. The bulk of the surplus fruit, chiefly grapes, plums, apples and nuts, was formerly sent to the large Russian towns. Other agricultural products normally available for export from Bessarabia were eggs, pigs, wool and tobacco. The number of live stock in Bessarabia has been steadily decreasing with the expansion of cereal cultivation. In 1918 it was estimated that there were 376,851 horses, 484,000 horned cattle, 1,318,718 sheep, 14,015 goats and 361,776 pigs.

## TRANSYLVANIA AND BANAT.

The total value before the war of the annual harvests in the territories of Greater Roumania, which formerly comprised part of the Austro-Hungarian Empire, has been estimated at roughly \$209,000,000. Wheat was grown on about 34.5 per



cent of the total cultivated area and corn on nearly 32 per cent. Oats, barley, rye and potatoes were also important crops. The surplus grain was sent chiefly to the more thickly settled parts of Austria and Germany.

In Transylvania stock-raising is relatively more important than on the plains of Banat and Crishiana, where cereal cultivation is pre-eminent. The total area cultivated with cereals in Transylvania is about 2,500,000 acres and the annual production about 1,355,000 tons, of which 724,000 tons consisted of corn and 543,000 tons of wheat. In the Banat over 3,000,000 acres are utilized for cereals and the total crop realized is about 1,160,000 tons, of which over 80 per cent consisted of wheat. Another 2,500,000 acres are devoted to cereals in the provinces of Crishiana and Maramuresh, and the total crop in 1913 amounted to 1,092,000 tons. In the mountainous province of Bucovina cereals are grown on a total area of nearly 500,000 acres, yielding an annual crop of about 250,000 tons. Wheat and corn are raised in about equal proportions in these provinces. Stock-raising is important in the former Austro-Hungarian provinces of Roumania, pasture lands comprising almost 36 per cent of the total area. The total value of the live stock in these provinces has been estimated at \$253,654,972. The number of head of the different kinds of live stock per province is as follows:—

	Horned cattle	Horses	Sheep.	Pigs.
Transylvania.. . . .	1,168,170	185,891	2,104,431	601,876
Banat.. . . .	483,256	318,059	1,185,796	646,698
Crishiana and Maramuresh.	740,229	211,004	827,914	681,021
Bucovina.. . . .	242,400	50,925	176,190	131,183

The Roumanians in common with other Latin races have a predilection for viticulture, and grape vines are cultivated on 104,271 acres in the Provinces of Crishiana, Banat, Transylvania and Maramuresh. The normal production is 13,774,000 gallons of wine and 3,235,912 pounds of grapes, the total value of the crop being about \$5,000,000 a year.

#### SIZE OF AGRICULTURAL EXPLOITATIONS.

Up to the present Roumania has been a country of large estates and small peasant holdings without many freehold farms of moderate size. Nearly 40 per cent of the farm lands of Old Roumania were comprised of estates of over 250 acres, while over 40 per cent consisted of holdings of less than 25 acres. This is shown by the following table of the division of agricultural property in Old Roumania in 1916.

Extent of property.	Number of proprietors.	Total area acres.	Percentage of total area of farm lands. %
Less than 2.47 acres.. . . .	143,871	244,982	1.27
From 2.47 to 12.35 acres.. . . .	600,693	4,735,054	24.47
From 12.35 to 24.7 acres.. . . .	176,375	2,809,466	14.55
Total less than 24.7 acres.. . . .	920,939	7,788,492	40.29
From 24.7 to 123.5 acres.. . . .	36,318	1,519,003	8.89
From 123.5 to 247 acres.. . . .	2,405	412,110	2.13
Total from 24.7 to 247.. . . .	38,823	1,931,113	11.02
From 247 to 1,235 acres.. . . .	3,314	2,017,470	10.43
From 1,235 to 2,470 acres.. . . .	1,122	1,903,617	10.26
Above 2,470 acres.. . . .	949	5,411,478	27.90
Total above 1,235 acres.. . . .	2,071	7,315,095	38.16
Total general.. . . .	965,047	19,333,186	100.00

Most of the large estates in the Old Kingdom were situated on the plains of the Danube and along the valleys of the Rivers Sireth and Pruth in Moldavia. Large estates were not so frequent in the Carpathian provinces and the Dobrudja. These

large estates were in reality a survival of feudal times and the Turkish domination. The lot of the peasants during the latter part of the nineteenth century became increasingly more difficult, and owing to their small holdings they were unable to participate in the benefits resulting from the great development of Roumanian agriculture. In order to secure the necessities of life the peasants had generally either to rent additional pasture and arable land from or sell their labour to the large land-owners. There being no industry to compete with agriculture in the labour market, legislation had to be resorted to in order to protect the peasants from the extortions to which their social and economic position held them liable. These measures, however, were of only temporary benefit and increasing discontent found expression in repeated peasant risings. Expropriation was frequently discussed and a measure actually passed before the war, but it remained in abeyance until the situation arising out of the war forced the Government to tackle what was one of the most difficult problems confronting the country.

#### EXPROPRIATION OF THE ESTATES.

All estates of over 247 acres have been expropriated. Land-owners with from 247 to 1,235 acres have been deprived of a certain amount of land in proportion to the extent of their holdings. No single land-owner will be allowed to retain more than 1,235 acres in his possession, although certain exceptions are made in the case of those having dependents. The expropriated land was first handed over to the peasant associations to cultivate, these associations being managed by representatives of the peasants, the village priests, schoolmasters, etc. This arrangement was found to be unsatisfactory as the associations had little influence over the individual peasants, and the latter first of all devoted attention to the fields they already owned and only later, if they had time, to the common land. The present Government therefore decided to distribute the expropriated land as soon as possible among the peasants and agricultural workers. The principle was adopted of distribution only to those actually working on the land. The basis of allotment was fixed at 5 hectares or 12.35 acres; thus a peasant owning 3 hectares receives 2 hectares of expropriated land and so on. Peasants with more than 5 hectares receive no additional land. Those receiving land are obliged to recompense the State in from ten to twenty years. The land expropriated amounts to approximately 5,000,000 acres. This land is now (May, 1920), being distributed, and already it is feared that there will not be sufficient land for allotment on the above basis.

In the new territories of Roumania large estates are also frequent. Nearly 45 per cent of the cultivated area of Bessarabia is comprised of estates of more than 247 acres in extent. In Transylvania, Crishiana and Banat, the expropriation has been largely a racial question, since the large estates were practically all in the hands of landowners of Hungarian nationality. Thus in Transylvania 8,435 owners of large and medium estates, or a little over one-tenth of one per cent of the total population, possessed 27 per cent of the total area of farm lands. Among these estate owners there were 209 of Roumanian nationality, of whom only 35 had large estates. On the other hand the peasants, most of whom are Roumanians, owned about 38 per cent of the total farm area. It is estimated that about half of the Roumanian population of Transylvania had less than 12 acres per family.

#### EFFECT OF THE EXPROPRIATION.

The expropriation of the large estates in Greater Roumania is of great interest to Canadian manufacturers and exporters of agricultural machinery and implements. The Roumanian estates were well equipped with up-to-date machines. The estate owners as a result of the expropriation are commencing to liquidate a part of their equipment and binders, threshing outfits and other machines are being offered for sale at low prices. The writer interviewed the owner of an estate of 5,000 acres, who



stated that he had five complete threshing outfits for sale, in addition to seeders, binders, mowers, etc. He said his case was typical of many others. The peasants on the other hand with farms of an average of 12 acres will not be able to use machinery to the same extent as the estate owners. There is a tendency for greater co-operation among peasants, but its field is limited. Although in large measure a passing phase, the effect of the expropriation on the trade in agricultural machinery should be carefully taken into consideration by Canadian exporters.

#### THE ROUMANIAN OIL INDUSTRY

Roumania before the war ranked fourth among the oil-producing countries, coming after the United States, Russia and Mexico. The Roumanian oilfields commenced to be exploited in 1857, when the formation of the trust in the United States brought about a considerable increase in the price of oil. From that date there was a steady development in the number of wells drilled and the amount of oil produced. The following table giving the quantity and value of the total production of crude oil for the fifteen years preceding the German occupation will indicate the progress made by the Roumanian oil industry:—

	Quantity Tons.	Total Value. \$
1902.....	286,500	2,292,000
1903.....	394,085	2,364,510
1904.....	504,217	3,175,723
1905.....	639,998	4,076,851
1906.....	890,146	6,890,526
1907.....	1,151,002	9,539,140
1908.....	1,150,723	10,554,491
1909.....	1,293,545	10,442,636
1910.....	1,345,885	8,664,628
1911.....	1,625,119	9,459,271
1912.....	1,898,554	16,267,425
1913.....	1,848,041	25,446,647
1914.....	1,783,947	21,407,864
1915.....	1,643,145	16,731,450
1916.....	1,250,000	20,000,000 approx.

In December, 1916, the industry was partially destroyed by the British destruction party in order to prevent the wells being utilized by the Germans. At that date there were 962 producing wells and 341 drilling wells, and the average daily production was 5,000 tons of crude oil. There was reservoir storage for 1,500,000 tons and 5,000 tank cars. Three pipe lines were being constructed from the oil fields to Constantza but were not completed by the time the enemy occupied the country.

Foreign capital to the extent of \$66,200,000 was chiefly responsible for this development of the Roumanian oil industry. The largest share was held by Germany with \$32,000,000 invested in the industry. The chief German companies were "Steaua Romana" (capital \$24,000,000), "Concordia" (capital \$2,500,000), the Credit Petrolifere (capital \$1,200,000), and the "Vega" (capital \$1,000,000). The "Steaua Romana" was a large enterprise backed by the Deutsche bank, both for the production of crude petroleum and the manufacture of refined oil products. The "Vega" was a company only for the refining, while the other German companies were concerns for the production of crude oil. In addition to the German companies mentioned, refineries were operated by the "Astra," a Dutch concern with a capital of \$12,000,000, and the "Romano-Americana," a company organized by the Standard Oil Company of New York with a capital of \$5,000,000. These are the only other oil companies that could be compared with the German companies. The following was the quantity of crude oil refined into oil products by the principal refining companies in 1914:—

	Tons.
Astra.....	421,631
Romano-Americana.....	384,550
Steaua-Roma.....	371,216
Vega.....	118,207

The oil refineries are mostly situated at Campina, the centre of the oil industry in the Prahova valley, and at Ploeshti, a large town thirty miles from Bucharest.

After Germany, Great Britain was the largest participator in the development of the Roumanian oil industry, being represented to the extent of \$23,000,000, but the British companies were only concerned with the drilling and operating of oil-producing wells. The same applied to the \$9,000,000 of French capital invested in 1916 in Roumanian oil.

Besides foreign capital there was also \$5,000,000 of Roumanian capital represented on the oil fields, and the Roumanian Government itself owns oil lands, the production from which in 1913 amounted to 181,725 tons.

The importance of the Roumanian oil industry before the war is best indicated by the following table, giving the production and exportation in 1913 of the different products of the industry:—

PRODUCTION OF OIL PRODUCTS, 1913.	
<i>Crude Petroleum—</i>	<b>Tons.</b>
Total production . . . . .	1,885,225
Employed for refining . . . . .	1,787,245
<i>Refining—</i>	
Benzine . . . . .	422,019
Kerosene . . . . .	380,074
Lubricating oil . . . . .	48,416
Petroleum residues . . . . .	906,735
<i>Consumed within the country—</i>	
Benzine . . . . .	30,131
Refined petrol (kerosene) . . . . .	51,396
Mineral oils (lubricating oil) . . . . .	33,725
Paraffin . . . . .	1,425
Residues . . . . .	569,492
Combustible employed by the refineries . . . . .	135,728
<i>Exportation—</i>	
Benzine . . . . .	237,168
Kerosene . . . . .	418,622
Crude petroleum . . . . .	28,622
Residues, gas-oil, etc. . . . .	341,912
Lubricating oil . . . . .	9,543
Paraffin . . . . .	579

Oil products were exported chiefly to France, Germany, Great Britain, Italy, Egypt, Austria-Hungary, Holland and Turkey. The export of benzine from Roumania in 1913 was valued at \$13,648,000; that of kerosene at \$7,157,000; petroleum residues at \$4,532,000; lubricating oils at \$488,000; crude petroleum at \$394,000, and paraffin at \$68,000, making a total export of oil products of a value of over \$26,000,000.

#### EFFECT OF THE WAR.

Upon their occupation of the country in 1916, the Germans worked hard to restore the damage done to the oilfields by the British Destruction Party, and by the time they left Roumania in December, 1918, the daily production of crude oil had been brought up to 3,000 tons. There were then 437 producing wells and 200 drilling wells. The Germans had transferred two pipe lines, originally intended for Constantza, to the port of Giurgiu on the Danube, from whence they shipped the oil by barges to Austria and Germany. Upon the departure of the Germans the daily production of crude oil commenced to decline, owing to the cessation of new drilling. Materials and equipment had to be purchased abroad at greatly increased prices, while the transport situation made it difficult to transport the materials to the oilfields. The Government placed restrictions on the export of oil products. The approximate average production of crude oil during 1919 was 2,500 tons, of which 60 per cent went to increase stocks on hand. The storage capacity had been decreased to only 300,000 tons, with another 120,000 tons storage at Constantza. The result of this situation was that drilling operations ceased almost entirely and the present



daily production of crude oil has declined to approximately 2,000 tons a day, which is 40 per cent of the pre-war production. On the other hand, the future outlook for the Roumanian oil industry is very bright. All the markets of Central and Southern Europe will have to be supplied with oil from Roumania. The restoration of normal transport facilities should therefore bring about renewed activity in the drilling of oil wells and a consequent increased production of crude oil.

#### PRODUCTION OF OTHER MINERALS.

The total production of coal in Old Roumania in 1913 was 230,431 tons, the chief producing districts being those of Dambovitza and Muscel, northwest of Bucharest, and that of Bacau, in Central Moldavia. In Transylvania the coal mines of Petroshani are the most important in Greater Roumania, with an annual production of 350,000 tons. Transylvania has also important iron mines, and there is a considerable iron industry in the mountains of Banat, at Resitza. The total production of iron in the former Hungarian provinces of Roumania is about 460,000 tons of iron ore and nearly 200,000 tons of pig-iron a year. It is estimated the mines of Huniedoara, in Transylvania, have a reserve only partially exploited of 25,000,000 tons of iron ore. The annual value of the iron production in these provinces amounted before the war to about \$3,400,000. Most of the coal and iron mines are situated along the north slope of the Transylvanian Alps and in the mountains of Banat.

The production of lignite in the new provinces of Roumania is also considerable, amounting to nearly 3,000,000 tons a year.

Transylvania has long been known for its gold, silver, and copper mines. The annual production of gold before the war was valued at \$1,903,200, and that of silver at \$148,770.

#### THE TIMBER INDUSTRY.

The total forested area of Greater Roumania is about 18,750,000 acres divided by provinces as follows:—

	Acres.
Old Kingdom.. . . .	6,820,000
Transylvania.. . . .	5,500,000
Maramuresh.. . . .	1,700,000
Banat.. . . .	1,500,000
Crishiana.. . . .	1,420,000
Bucovina.. . . .	1,100,000
Bessarabia.. . . .	710,000
Total.. . . .	18,750,000

The most important forests are those of the slopes of the Carpathians and the foothills of the Old Kingdom and Transylvania. Beech forests occupy the greatest area, followed by oak, elm, ash, maple and birch trees are frequent among the deciduous forests, while on the higher slopes there are mostly pines and other trees of the coniferous species. The following table shows the division by provinces of the principal kinds of forests:—

	Beech. Acres.	Oak. Acres.	Pine. Acres.
Old Kingdom.. . . .	2,400,000	2,800,000	1,490,000
Transylvania.. . . .	2,750,000	995,000	1,867,000
Banat.. . . .	1,012,500	255,000	32,500
Crishiana and Maramuresh.. . . .	1,645,000	962,500	547,500
Bucovina.. . . .	747,000	.....	372,500

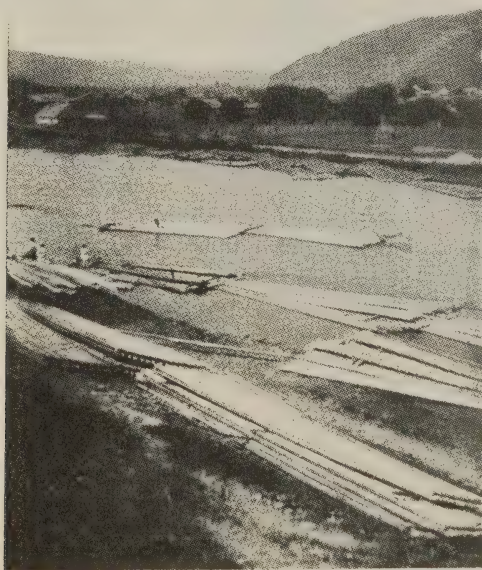
The number of saw mills in Old Roumania in 1912 was 71, employing 12,000 workmen, while the cutting of logs and their transport to the mills afforded occupation for another 50,000 workmen. Most of the saw mills were controlled by 14 com-

panies of large capital. Austro-Hungarian capital was chiefly interested in the development of the timber industry of Roumania. The most important company was the "Societe pour l'Exploitation de forets" (Goetz & Co.) of Budapest. The total capital invested in the industry before the war amounted to over \$13,000,000. The forests belonging to the private companies amounted to 3,750,000 acres. A large part of the total production of timber was shipped abroad, the following being the quantities and values of the export in 1913:—

	Quantity. Cubic Metres.	Value. \$
Pine logs.. . . . .	203,658	572,100
Construction timber, staves.. . . . .	160,198	3,770,912
Construction wood, planed.. . . . .	106	2,758
Furniture and cabinet wood, ready but not adjusted.. . . . .	1,303	79,279
Furniture and cabinet wood, carved.. . . . .	29	29,206
Firewood.. . . . .(tons)	19,088	49,327

The total value of the timber export in 1913 was approximately \$4,700,000, shipped chiefly to Austria-Hungary, Egypt, Holland and Turkey.

In order to preserve the forest wealth of the country and maintain the equilibrium of the climate, the Roumanian Government has passed stringent laws against the cutting down of forests necessary for the protection of the lower lands. Reforestation



Timber Rafting in Roumania.

was also commenced to make good the wastage done by ruthless exploitation during the nineteenth century. By the outbreak of the war 30,000 acres had been reforested by the Government.

In Transylvania, Bucovina and Maramuresh, the timber industry is developed to a great extent and forms one of the chief occupations of the inhabitants of these provinces. In Transylvania there are 51 saw mills employing 10,137 workmen and utilizing a motive power of over 9,000 horse-power. The export of wood products from Bucovina amounted in 1913 to 334,690 tons, and the timber industry affords



employment for over 27,000 workmen. In the province of Maramuresh there are 7 saw mills employing 1,660 men, and in Crishiana 10 saw mills give employment for 4,300 workmen. Wood products were exported from these provinces before the war especially to Austria, Italy and Spain.

#### THE PAPER INDUSTRY.

The manufacture of pulp and paper is developed in Roumania to a fairly considerable extent. Old Roumania was practically self-supporting before the war in regard to most lines of paper, only certain specialities, such as letter paper, blotting paper, wallpaper, water-marked paper, bond paper, porcelain papers, requiring to be imported from abroad. The tariff protection on paper amounted to from 24 to 46 per cent ad valorem. On the other hand there was an export of cellulose from Roumania amounting in 1913 to 3,619 tons valued at \$164,991. At the time of the German occupation there were seven pulp and paper mills in operation and one mill under construction. The total capital invested in the industry was approximately \$5,000,000 and the total motive power employed amounted to 9,000 horse-power. The quantity of pulpwood consumed by the mills of Old Roumania in 1913 was 75,000 tons. The production of newsprint paper in that year was 5,654 tons valued at \$468,147, out of a total production of papers of all kinds of 17,800 tons valued at \$2,110,303.

At the present time only four paper mills are in operation and there is an acute shortage of paper of all kinds, but especially newsprint.

In Transylvania there are six paper and pulp mills utilizing a motive force of 3,812 horse-power and affording employment for 1,648 men.

#### THE FLOUR-MILLING BUSINESS.

Another Roumanian industry which contributed to the total export from the Old Kingdom before the war is that of flour-milling. This industry developed rapidly during the six years preceding the war. In 1914 the number of flour mills was 98, with a total capacity of 3,600 tons per 24 hours. Braila and Galatz were the chief centres of the industry, the total capacity of the mills in these cities being over 1,000 tons a day. The total capital invested in flour-milling amounted prior to the war to over \$8,000,000. The tariff protection against imported flour ranged about 35 per cent ad valorem. In addition to the mills operated by machinery, there are a great many small mills throughout the country which belong to the peasants. In the Old Kingdom corn is chiefly ground by the peasant mills, except in the Dobrudja where wheat is the chief grain milled. A number of the peasant mills are operated by oil engines.

About one-fifth of the flour produced by the machine mills of the Old Kingdom was shipped abroad in 1913, the total export amounting in this year to 130,000 tons valued at \$6,810,000. The greater part went to the countries of the Near East, 70,000 tons to Turkey and 30,000 tons to Egypt.

Two kinds of flour are milled in Roumania. That made from Wallachian wheat, grown on the plains of the Danube, is of poor quality though cheap. The best flour is that made from the strong red wheat grown in Moldavia. This flour is considered to be equal to the chief Hungarian brands.

In Transylvania there were 21 machine flour mills in 1913 and in the Banat 39, for the most part of larger size than those in Transylvania. There are also a number of flour mills in the other new territories of Roumania.

#### SUGAR MANUFACTURE.

Belgian capital was most instrumental in the development of the sugar industry in Old Roumania. This industry sufficed to supply practically all the sugar requirements of the country before the war. The amount of sugar consumed in Roumania

in 1913 was 38,000 tons, or about 10 pounds per head of population. There were five sugar factories in 1914 which utilized as raw material sugar beets grown in the country. Approximately 35,000 acres were cultivated with sugar beets yielding a crop of from 200,000 to 300,000 tons a year. During the war one sugar factory was destroyed. At the present time there is a shortage of sugar in Roumania, necessitating heavy importations from abroad. This is due to the fact that the acreage sown to beetroot has appreciably diminished. A Belgian syndicate is now making the necessary arrangements for the reconstruction of the sugar industry in Roumania.

In the territories of Greater Roumania, which were formerly Hungarian, there



A Roumanian Village.

are seven sugar factories, and in Bucovina three. Sugar beets were also cultivated to a considerable extent in Bessarabia for supplying the factories of the Ukraine, the centre of the Russian sugar industry.

#### MANUFACTURING INDUSTRY.

The industries outlined above were practically the only Roumanian industries, which were capable of supplying the domestic requirements of the country before the war. There was a considerable development of manufacturing industry in general prior to 1914, but the output in most lines only satisfied a small proportion of home demand.

It is only after 1886 that manufacturing industry acquired an importance in Roumania. Up to that date a commercial treaty with Austria-Hungary prevented the enactment of protective legislation, but with the abrogation of this treaty the policy of the encouragement of national industries was put into force. Since then there has been a marked development in manufacturing, especially during the ten years preceding the war. As an example there may be first given the textile industry.



In 1913 there were 13 woollen mills in Old Roumania with an annual production valued at \$3,000,000. About half the raw material utilized was home-grown wool, the finer qualities being imported from abroad. For this reason the woollen goods produced by the mills were of the coarser grades, the superior qualities being imported to greater advantage from foreign countries. The cotton mills of Old Roumania numbered 15 in 1913, the output in that year being 16,000,000 yards of cotton tissues valued at \$2,200,000 or about one-fifth of the value of the total import. There were no spindles in the country and all the cotton yarn had to be imported from abroad. The manufacture of rope and twine was carried on in six factories with an output of about 1,300 tons a year. In Transylvania the textile industry is fairly important, there being 15 mills weaving woollen cloth and 7 cotton and linen mills. The town of Brashov is an important textile centre. The Banat has also a number of textile factories, but the other new territories of Greater Roumania have no mills of importance.

Considering the large importation of all kinds of metal goods, the metal industry in Roumania is not important. The largest company is that known as the "Vulcan," which has engineering works and manufactures machinery, forgings and tank cars. There is a dockyard at Galatz capable of doing all kinds of repair work to steamers. The most important branch of the Roumanian metal industry is the manufacture of cans and receptacles for the oil companies, there being eight factories engaged in this work. The engineering works and repair shops, including those of the oil companies, numbered 36 in 1913 with an annual output of machines and castings valued at \$4,000,000. The capital invested in these works was nearly \$3,000,000. The production of wire, nails, rivets, etc., was carried on in 11 factories representing a capital of \$1,135,000. The production of most of these lines was before the war sufficient for the internal consumption, but iron rope, screws and bolts were imported from abroad in large quantities. Galatz was the most important centre of the Roumanian iron industry.

The production of cement in Old Roumania amounted before the war to 144,000 tons a year, the greater part being manufactured in the Prahova valley. In Transylvania there are two cement works. The canning industry of Old Roumania has a pre-war production of 4,000 tons of vegetables, 4,000 tons of fruits, 2,100 tons of fish, and 2,500 tons of meats. Bessarabia has also a considerable industry in the canning of fruits.

#### PRESENT POSITION OF ROUMANIAN INDUSTRIES.

The chief fuel of the industries of Roumania is petroleum residues, which accounted for about half of the total combustible used before the war. In 1913 there was imported into Roumania 370,000 tons of coal and 55,000 tons of coke. (Great Britain supplied 173,000 tons of coal and 26,000 tons of coke.) At the present time factories are hampered by the difficulty of obtaining petroleum residue, owing to the transport crisis. A large quantity of coke was obtained last year (1919) from Czecho-Slovakia. The Germans during their occupation of a large part of Roumania despoiled a great many of the factories of their equipment, transporting the machinery to Germany and Austria. The chief industrial centres of Old Roumania were Bucharest, the Prahova valley, Galatz and Jassy. The last two were the only important centres which were not under German occupation from the end of 1916 to the spring of 1918. The factories at Azuga, Bushteni and other places in the Prahova valley suffered severely from bombardment during the German advance, so that even the buildings are destroyed. Galatz also suffered from bombardment during the war. A Department of Reconstruction was appointed in 1919 to purchase machinery and equipment for refitting the factories most necessary for national purposes. Spare parts for machines were purchased from Austria and Czecho-Slovakia. A company has also recently been formed for supplying equipment and materials required for refitting the factories. Besides the reasons outlined many factories with equipment intact are

unable to operate owing to the difficulty of securing raw material. This applies particularly to the textile industry. It is thus seen that most of the factories in Old Roumania are idle at the present time,—and that it will be several years before production in most lines of manufacturing industry can be brought up to the pre-war standard. Openings for Canadian trade are presented in the supply of machinery and other equipment for the factories requiring to be refitted.

## IX

## Facilities for Trade.

Bucharest is the most important commercial and the financial centre of Roumania. The bulk of imported supplies are distributed from this point, which is the headquarters for the leading importing firms. Goods are imported chiefly through the ports of Galatz and Braila during the summer and through Constantza during the winter. Owing to its position Galatz has also become to a certain extent a distributing centre for Moldavia, and with the addition of Bessarabia to Roumanian territory its importance in this connection is likely to increase in the future.

The chief district centres in Wallachia are Craiova and Ploeshti. Piteshti is important on account of its railway connections. On the Danube the chief centres



Sketch Map of Old Roumania before the War.

are Turnu Severin, Turnu Magurele, and Giurgiu. Slatina and Campulung are two other district centres in Wallachia worthy of mention. Merchants in these Wallachian towns receive their supplies of imported goods from importing firms in Bucharest.

Jassy is the chief town and distributing centre of Moldavia, the more important district centres being Focshani, Berlad, Botoshani, Bacau, and Roman. There are



certain independent importing firms in Jassy, but the bulk of the trade of Moldavia in imported goods is handled from Bucharest and Galatz. In the Dobrudja, besides Constantza, there may be mentioned the district centres Medjidia, Silistra, Bazargic, Tulcea, and Sulina.

With regard to the new territories of Roumania, the trade centre of Bessarabia is the town of Kishinev, Cetatea Alba (Akkerman), and Tighina on the river Dniester are important district centres. Merchants in Kishinev formerly obtained their supplies of imported goods from the Russian port of Odessa. It is probable that in future these firms will purchase the bulk of their requirements from importers in Bucharest and Galatz. The same applies to merchants in Czernowitz, the principal town of Bucovina, which was formerly dependent commercially on Vienna and Budapest.



Government Savings Deposit Bank at Bucharest.

The trade of the former Hungarian provinces of Transylvania, Banat, Crishiana and Maramuresh was formerly controlled from Budapest and supplies were ordered through firms in that city. It is likely that henceforth Bucharest will displace Budapest as the commercial centre for these territories. The leading distribution centres of Transylvania are the towns of Cluj, Brashov and Sibiu. Temisoara is the commercial centre of the Banat and the towns of Arad and Oradea Mare of the Province of Crishiana.

#### REPRESENTATION.

It is thus seen that the commercial influence of Bucharest has been greatly extended and that this city has become the commercial centre for practically the whole of Greater Roumania. Canadian firms desirous of being represented in Roumania could cover the whole territory, in the case of most lines of trade by appointing an agent in Bucharest. A list of the principal importing firms and commission agents

in Bucharest, Galatz and Jassy has been forwarded to the Commercial Intelligence Branch, Department of Trade and Commerce, Ottawa, and Canadian exporters interested in the trade with Roumania may obtain copies on application.

For the distribution of agricultural machinery and other specialized lines of trade, it would be necessary to have, under the general agents in Bucharest, sub-agents in such leading provincial centres as Braila, Galatz, Craiova, Constantza, Jassy, Kishinev, Czernowitz, Temisoara, Arad, Oradea Mare, Cluj, and Brashov.

Canadian firms seriously interested in Roumanian trade are recommended, wherever possible, to send a representative to Roumania to personally investigate the market and form connections on the spot since a great deal more can be accomplished in this way than by correspondence.

#### LANGUAGE.

After Roumanian, the most useful language in Roumania for business purposes is German. French is spoken by nearly all educated Roumanians and by most Government officials. The majority of the merchants of Bucharest speak French. The greater part of the internal business of the country, however, is in the hands of the Jews, who usually are more familiar with German. In the new provinces of Roumania also German is more useful than French. A traveller coming to Roumania with the intention of covering all the leading centres should therefore be equipped at least with a fluent knowledge of German if not acquainted with the Roumanian language. For conversation with the peasants a knowledge of Roumanian is essential. Correspondence with firms in Roumania may be in the French language, but catalogues and circulars should be printed in Roumanian.

#### WEIGHTS AND MEASURES.

The metrical system of weights and measures is in use in Roumania, and hence when quoting to firms in that country or when printing catalogues and circulars for use in Roumania, Canadian exporters should express all units in metrical weights and measures.

#### QUOTATIONS.

It is desirable in all cases possible, to give quotations c.i.f. Roumanian port, since the Canadian exporter is usually in a better position to determine the ocean freight rate than is the importing firm in Roumania.

#### PAYMENT.

Merchandise is usually shipped to Roumania from Western Europe and North American countries by steamer and the documents, drawn against acceptance or payment, are forwarded to a bank in Roumania. Before the war three, six or nine months and (in the case of machinery and associated lines) even longer terms of payment were frequent. At the present time credit can only be extended on the basis of satisfactory bank guarantees and other security, depending in all cases upon the standing of the individual importer. Many orders have been placed during the past year on the basis of payment against arrival of the goods at Roumanian port. A bank guarantee of payment at due date is often given. In the case of firms of less satisfactory standing orders are accepted only upon the opening of a confirmed banker's credit in favour of the exporter. Information regarding the standing of Roumanian importers may be obtained at the banks and from other sources, and Canadian exporters in the interest of future trade should extend to Roumanian firms of good standing the best terms which the circumstances warrant.

#### POINTS TO BE AVOIDED.

Importers who have been interviewed at Bucharest have complained against the lack of consideration shown by North American exporters in demanding unreasonable

terms of payment. The unwillingness to grant reasonable facilities is a great handicap to the extension of future trade with Roumania. Another complaint has been the failure to deliver goods according to sample. The long time taken to execute orders placed in North America and the uncertain deliveries are also commented upon. Canadian firms should endeavour to pay particular attention to these points in order to maintain the excellent reputation which Canadian products have secured in the Roumanian market, as a result of the supplies shipped since the armistice.

#### TARIFF AND IMPORT RESTRICTIONS.

All goods imported into Roumania are subject to the Customs Tariff of 1906, but according to a recent decree the rates of duty expressed in lei have been increased five times over the pre-war rates. At the present exchange value of the lei this still works out at less, when converted into dollars, than the duties in force before the war. The duties are for the most part specific, i.e., levied on the unit of weight or measurement, and thus fall relatively higher on goods of cheap quality than on more expensive lines. The Customs Tariff is avowedly protectionist, but the position of Roumanian industry before the war only permitted the protection to be effective in the case of a few lines of goods, such as cheaper grades of textiles, paper, flour, sugar, wire, nails, bolts and nuts, etc. In view of the present shortage of all kinds of manufactured goods, the tariff becomes a consideration of little importance to the import trade of Roumania. Moreover, Canadian goods with a few exceptions of minor importance enjoy equal treatment with the goods of other competing countries. Canadian exporters need therefore not be deterred by the tariff in seeking to develop trade relations with Roumania. All commercial treaties with Roumania and the Roumanian Customs Tariff are subject to revision in the near future in accordance with the changed requirements of the country.

With a view to limiting the importations of non-essential articles, the Roumanian Government has passed restrictions on the importation of articles of luxury. Two lists are appended to this report, the first giving the articles, such as jewellery, ornaments and toys, confectionery, etc., of which the importation is absolutely prohibited, while the second list includes a great number of non-essential articles of all kinds, the importation of which is permitted only under license of the Ministry of Commerce and Industry. The importer should therefore, in the case of all goods mentioned in these restrictions, make the necessary arrangements in regard to the import permit before the shipment leaves the country of origin.

Where possible, invoices for goods shipped to Roumania should be certified at a Roumanian Consulate.

#### CO-OPERATIVE SOCIETIES.

The co-operative movement is an important factor in the internal trade of Roumania and requires to be taken into consideration by Canadian firms anxious to develop business relations with this market. The number of co-operative societies has greatly increased in recent years, both in the Old Kingdom and in the new territories. These societies are of various kinds, some being consumers' societies for the co-operative purchase of goods, others being producers' societies for the sale of produce. The movement has embraced the urban as well as the rural populations. Thus in Bucharest there are 150 urban co-operative societies with a total membership of 40,000. There are many societies of peasants, land lessees and estate owners for the co-operative purchase of machines and other supplies, for the sale of produce in common, and for the protection of mutual interests.

The Government has encouraged the co-operative movement by various means, and the employees of Government departments and state undertakings, such as the railways, are organized into co-operative consumers' societies under government supervision. The organization of credits for agriculturists has been provided by credit



institutions for both the large landowners and for the peasants. These credit institutions are under the direction of the Ministry of Finance. The number of rural banks for peasants in Old Roumania is over 3,000. In connection with the rural banks consumers' co-operative stores are operated, at which members may purchase what they require.

#### FEDERATION OF RURAL CO-OPERATIVES.

These co-operative stores have recently been organized into a central federation for the purchase of supplies and for the sale of the products of the peasants, who are members of the stores. The central organization is known as the Federation of Rural Co-operatives, and the head office is at Calea Mosilor No. 41, Bucharest. The financial operations of this society are supervised by an official of the Ministry of Finance in the capacity of a joint general manager, but the commercial operations are conducted on the same basis as a private company.

The Federation of Rural Co-operatives is still in process of organization, but already it disposes of a capital of approximately 50,000,000 lei and a membership of 2,000,000 individuals. At present the branches, to the number of 3,000, are confined to the old kingdom, but it is hoped to soon extend the operations of the Federation to embrace rural co-operative stores in the new territories. Village priests, who in Roumania are state officials, are active in the organization and management of rural co-operatives and the president of the Federation is a priest.

The Federation deals in all kinds of articles required by the peasantry, and sells the agricultural products which the individual members bring to the stores in liquidation of their purchases. At present the Federation has large warehouses at the principal ports and at Bucharest, but it has not yet the proper organization of storage facilities in district centres and the staff of trained mechanics necessary for the efficient distribution of agricultural machines. It is hoped to shortly build up the necessary organization for this purpose. This would have an important influence on the trade in agricultural machines, eliminating to some extent the necessity of distribution by dealers throughout the country.

The Federation of Rural Co-operatives has recently purchased a large quantity of goods from Great Britain under a credit for £400,000 granted by the Co-operative Wholesale Society of Manchester. Orders on a credit basis have been placed for Canadian woollen goods to the amount of several million dollars with the representative in Bucharest of the Canadian Woollen Manufacturers' Association. The Federation have at their disposal a large quantity of corn, rape-seed, and millet and some timber. An export permit was recently granted this society for the purpose of shipping corn and millet, and with the proceeds from this export they are to purchase ploughs and other agricultural implements from Czecho-Slovakia and to liquidate a part of the debt incurred through the purchase of goods from Great Britain. The writer in an interview with the managers of the Federation of Rural Co-operatives was informed that they would like to receive quotations and other particulars from Canadian firms in a position to supply all kinds of textiles; cotton yarn; cotton thread; boots and shoes; binder twine; typewriters; sewing machines; agricultural machinery and implements of all kinds; safes; tires; motor cars and trucks; tractors; leather; clothing; newsprint paper; cables, copper or steel; steel plates; locomotives, small, for logging; rails; galvanized iron sheets; bolts and nuts; tools; tool steel; nails; screws; wire; electric motors; saw milling and woodworking machines; logging equipment; enamelled ware; aluminum ware; portable engines; oil engines; superphosphates; flour mills; etc.

#### URBAN CO-OPERATIVES.

Along the same lines as the Federation of Rural Co-operatives there was formed last year a union of town co-operative societies. This organization is known as *L'Union Federale des Co-operatives Urbaines*, with the head office at Strada Armen-

casca No. 1, Bucharest. It is composed of more than 220 town co-operative societies in different centres with a total membership of over 105,000 heads of families, representing a total of 430,000 individuals. New societies are being added to the union from time to time. The membership is composed of professional men, town workers and their families, who subscribe from 50 to 2,000 lei each. The Federation is under the direct control of the Ministry of Finance, and the Government has placed at the disposition of the co-operatives a working capital of 40,000,000 lei.

The Federation of Urban Co-operatives deals in all kinds of goods required by the members, but especially in food products. They have 140 distribution centres with storage facilities and central depots. The management would be interested in receiving quotations and other particulars from Canadian firms in a position to supply canned foodstuffs and provisions of all kinds, textiles, sheetings, cotton yarn, and boots and shoes.

Another example of a town co-operative society is the "Mercur" co-operative society, Strada Batistei No. 14, Bucharest. This is a private society of town dwellers with a nominal capital of 800,000 lei and with over 1,000 members. They operate two stores in Bucharest, and one each in the towns of Constantza, Galatz, and Ploeshti. The total turnover for 1919 in Bucharest alone was 6,000,000 lei. They deal only in food products and would be interested in hearing from Canadian firms able to supply canned fruits and vegetables, canned meats, canned fish, and condensed milk. A new town co-operative society along the same lines as the "Mercur" is being formed with a working capital of about 30,000,000 lei to open branches throughout the country and to establish factories of various kinds. The directors of the "Mercur" are active in the organization of this society.

#### BANKS.

Roumania is remarkably well supplied with banking facilities. There are about ten large banks with branches in all leading centres and a number of smaller banks while in the district centres there are many local banks, some of which are controlled by the large banks of Bucharest. The banks of Roumania have taken a leading part in the development of the country and their activities embrace the promotion of commercial and industrial enterprises besides a strictly banking business. The prosperity of these institutions is testified by the imposing edifices which have been erected in Bucharest for the housing of banking premises.

The banking system of Roumania is centralized as in most other European countries. The National Bank of Roumania is the Government bank with the sole right of issue and is the central bank of re-discount. After the National Bank come the large private banks of Bucharest. These banks were mostly created by foreign capital, principally German and Austrian, but at the present time the larger interest in most of these institutions is held by Roumanians. The following are the eight leading Roumanian banks with the approximate total of capital and reserves in 1914:—

Name of Bank.	Total capital and reserves in 1914.
Bank of Marmorosch-Blank & Co., Ltd. . . . .	\$6,500,000
Banque de Credit Roumain. . . . .	6,000,000
Banque Agricole. . . . .	5,740,000
Banque Romaneasca. . . . .	5,728,000
Banque Generale Roumaine. . . . .	3,880,000
Banque Commerciale Roumaine. . . . .	2,600,000
Banque d'Escompte. . . . .	2,479,000
The Bank of Roumania, Ltd. . . . .	2,389,000

Since the war the capital in lei of all of the above banks has been greatly increased. Thus on December 31, 1919, the capital and reserves of Marmorosch-Blank & Company stood at 147,425,000 lei as compared with 32,500,000 lei in 1914. Of the provincial banks, the most important is the Commercial Bank of Craiova, which had a capital in 1914 of approximately 1,566,300 and at the present time of 50,000,000 lei.



Besides the banks mentioned there are a great number of small banks with capital ranging before the war from \$50,000 to \$600,000. There are also local banks throughout the country in many cases affiliated with one of the large banks.

Marmorosch-Blank & Company is one of the most enterprising financial institutions in eastern Europe. It is closely associated with the Banque de Paris and des Pays Bas of Paris and has recently opened a branch of its own in Paris and arrangements are under way for the opening of a branch in New York. Branches are maintained in all the principal centres of Roumania. Marmorosch-Blank & Company are



The National Bank of Roumania.

interested in a number of the most important industrial and commercial enterprises in Roumania. The majority of the stock in this bank is now held in Roumania and most of the directors are Roumanians. The bank has a well organized credit department at which information may be obtained about any firm or business undertaking in Roumania.

The Bank of Roumania, Ltd., was founded in 1865 by the Imperial Ottoman Bank of London and Paris. The bank has an Englishman for joint manager and finances British oil companies and commercial enterprises for trade with Roumania.

The Banque Generale Roumaine, the Banque de Credit Roumain, and the Banque Commerciale Roumaine comprise the group of Roumanian banks in which German and Austrian capital was principally interested before the war. The first-named



institution financed most of the German oil companies and was also interested in timber enterprises. The majority of the stock in these banks is now held in Roumania.

The Banque Agricole, Banque d'Escompte, Banque Romaneasca, and the Commercial Bank of Craiova have been purely Roumanian institutions from their inception.

The Roumanian banks have returned large dividends to their shareholders as a result of their operations. The average rate of dividend before the war was about 10 per cent. During the year 1915 Marmorosch-Blank & Company realized a profit of 5,200,000 lei on a capital of 20,000,000 and the Banque de Credit Roumain on the same amount of capital a profit of 4,592,766 lei.

A great many new banks have been formed in Roumania since the war. Among these the most important are the Bank of the Nation, capital 60,000,000 lei; Banca Cerealistilor (Grain dealers' bank) capital 50,000,000 lei; Creditul Extern (Foreign Credit Bank) capital 50,000,000; Banca Taraneasca (Peasants' Bank) capital 50,000,000 lei; Commercial Bank of the Orient, capital 20,000,000 lei. The title of the Banque Generale Roumaine has been changed to the Banca Generala a Tarei Romanesti and it is now a purely Roumanian institution having been reorganized with a capital of 50,000,000 lei.

Most of the large Roumanian banks have made arrangements for the establishment of branches in the principal centres of the new provinces of Roumania, while on the other hand branches of Russian or Austro-Hungarian institutions in these centres are in process of liquidation.

#### RAILWAY FACILITIES.

The railway system of Old Roumania is not developed to the same extent as that of the industrial countries of western Europe. The total mileage of the railways of the Old Kingdom is 2,298, or 43 miles to every 1,000 square miles of territory. On the other hand this represents a considerable progress during the last half century, since in 1869 there were only 115 miles of railway in Roumania.

The new territories of Roumania, which formerly comprised part of the Austro-Hungarian Empire, are better supplied with railways than the Old Kingdom. The provinces of Transylvania, Banat, Crishiana and Maramuresh have a network of 3,936 miles for the most part formerly operated by the Hungarian State Railways. The railways in the former Austrian territory of Bucovina have a total length of 367 miles. Bessarabia suffers from a lack of adequate railway facilities, the former Russian system in this province being only 533 miles in length.

The greater part of the Roumanian railways are government-owned and operated, private companies being only permitted to operate lines of secondary and not general interest. The administration is now taking measures for consolidating the railway systems of the old and new territories of Roumania.

#### PRINCIPAL RAILWAY LINES.

New lines will have to be constructed in order to properly consolidate the railway system of Greater Roumania. Better connection must be afforded between Bucharest and the various parts of the country, since this city is now the commercial centre for a territory double that which it served before the war. At the present time four railway lines cross the Carpathians to connect the railways of the Old Kingdom with the former Hungarian system. The most important of these is that through the Prahova valley and the Predael Pas from Bucharest to the Transylvanian town of Brashov. Farther west a line of railway utilizes the Tour Rouge pass of the Olt river and connects the town of Sibiu in Transylvania with the plains of Wallachia. Another important railway line follows the left bank of the Danube through the Iron Gates and thence turns north to reach Temisoara, the chief town of the Banat, by way

of the Mehadia and the Temes valleys. This was formerly one of the main trunk lines to Bucharest from western Europe. The fourth line crossing the Carpathians is that through Ocna in central Moldavia to the town of Sereda Cucului in Transylvania.

Bucharest is connected with Czernowitz, chief town of Bucovina, by a trunk line, which follows the valley of the Sireth river through Moldavia. At Pasheani a line branches off from this trunk line and passing through Jassy connects with the railway system of Bessarabia. Jassy is also connected with Galatz by a line through Barlad. Another important trunk line is that which runs from Bucharest almost in a straight line across the Baragan plain and, passing over the Danube river at Cernavoda by a series of bridges twelve and a half miles long, crosses the Dobrudja to the port of Constantza. Over this line and over the lines to the ports of Galatz and Braila from Bucharest and Moldavia passes the bulk of the foreign commerce of Roumania.

The only stretch of double track line in Old Roumania is the small section between Bucharest and Buzau through Ploeshti, together with the 15 miles between Ploeshti and Campina, the centre of the oil industry. The requirements of the traffic render necessary the double tracking of other trunk lines. Bucharest is at present connected with western Wallachia by the line which follows two sides of a triangle with the important railway centre Piteshti at the apex. The construction of a more direct line to Craiova and the Iron Gates is therefore being urged. Other proposals for new railway lines include a line across the Carpathians by the Jiu River pass, sixty miles east of the Iron Gates, and a line which will connect Kishinev, the chief centre of Bessarabia, more directly with Galatz and Braila. More branch feeders are also required in the agricultural sections of the Old Kingdom and Bessarabia. The above additional facilities would provide Roumania with a consolidated railway system serving the needs of internal commerce and affording the products of the country an outlet to export markets by way of the Danube and Black Sea ports.

#### RIVER NAVIGATION.

The rivers of Roumania provide an important means of communication between different parts of the country. The Danube is the main artery of Roumanian commerce. Shallow draft steamers proceed from the Black Sea up the Danube as far as the town of Turnu Severin, a distance of about 560 miles. Here the Iron Gates present certain obstacles to navigation, especially during low water, but a channel was rendered available for boats of shallow draft by the blasting away of the rocks on the Serbian side in 1896. On the other side of the Iron Gates is the town of Orsova, which prior to the war was the terminal port for the Hungarian river services from Budapest and Belgrade. Since the Crimean war the Danube has been internationalized and navigation is regulated by an International Danubian Commission, composed of representatives of the countries most interested.

There are three large Roumanian companies operating fleets of river steamers and barges on the Danube. The largest is that belonging to the Navigation Fluviale Roumaine, which is comprised of 12 passenger steamers, 91 barges with a carrying capacity of 62,000 tons of grain, 18 tugs, and 11 tank barges with a capacity of 18,000 tons of oil. The Societe Roumaine du Danube has a fleet of 67 barges of a total carrying capacity of 80,000 tons and 7 tugs, as well as four grain elevators. The third company is known by the name of the "Societatea Dunărea," and they have 30 grain barges with a capacity of 30,000 tons, 9 tugs and 6 grain elevators. It is thus seen that the total carrying capacity of the barges on the Danube belonging to Roumanian companies is about 190,000 tons, for the transportation of which there are 34 tugs available.

The river Dniester, forming the boundary between Roumania and Russia (the Ukraine) is navigable for small steamers from the town of Hotin, near the boundary

with Bucovina, to the sea, or a distance of over 300 miles. The Russians maintained a considerable river fleet on the Dniester for the purpose of serving the traffic between different parts of Bessarabia and the port of Odessa. The Pruth between Bessarabia and Moldavia is another navigable river, which was utilized to a fairly considerable extent before the war, chiefly in connection with the grain traffic. Many of the steamers and barges formerly on the Dniester have now been transferred to the Pruth.

#### STEAMSHIP LINES TO THE DANUBE.

Before the war there were regular and frequent sailings of steamers from Western European ports to Roumania, in addition to many tramp steamers which called at either Braila, Galatz, Sulina or Constantza to load grain. About 1,000 steamers of an average tonnage of from 4,000 to 5,000 tons traded to Roumanian ports every year. Galatz is the most important Roumanian port for the import trade, while Braila is the largest grain shipping port. A large amount of Moldavian grain is, however, shipped through Galatz. Sulina, situated at the mouth of the Danube, has the status of a free port, goods being imported free of duty but paying duty when sent inland. Owing to low water the grain steamers cannot ascend to Braila or Galatz during the latter part of the season, so that the grain is transported by barges to Sulina, where the loading takes place. During the winter, when the Danube is frozen over, Constantza becomes the principal Roumanian port both for the import and export trade.

Two British companies, the Johnston Line and the Westcott and Laurence Line, maintained services from Liverpool, London and Antwerp. The steamers of the French Fraissinet Line plied regularly between Marseilles and the Danube. The Deutsche Levante Linie was the principal German company operating steamers between Hamburg and Roumania. The Austrian Lloyd maintained a weekly service of cargo and passenger steamers from Trieste. The Italian Line, Servizzi Marittimi, steamers also sailed weekly from Venice for Roumanian ports. A Belgian line maintained a general cargo line from Antwerp and a Hungarian steamship company had irregular sailings to and from Rotterdam and Antwerp.

There was only one Roumanian steamship company operating steamers to and from the Danube ports prior to 1914. This was the Service Maritime Roumain, which maintained services to Rotterdam, Egypt, the Syrian coast and the islands of the Aegan.

Since the reopening of the Straits of the Bosphorus and the Dardanelles, certain of these lines have resumed sailings to and from Roumanian ports. The Johnston Line has instituted regular sailings of cargo vessels from Liverpool, the freight rate to the Danube being between \$32 and \$40 a ton, weight or measurement. The Service Maritime Roumain have a regular line for freight and passengers between Marseilles and Roumanian ports with calls at Naples, Piraeus and Constantinople. The Roumanian Navigation Company proposes to shortly inaugurate regular lines to Antwerp, Egypt, and other countries with new steamers now being built. The Lloyd Triestino, an Italian company operating the steamers of the former Austrian Lloyd, commenced sailings from Trieste to Roumanian ports, but these have been suspended. A French line is shortly to establish regular sailings between Marseilles and the Danube. The Cunard Line have occasional steamers to the Black Sea from United Kingdom ports and these steamers often call at Constantza. There are frequent sailings also from New York to the Black Sea and in the majority of instances the steamers call at either Constantza or the Danube ports. Canadian exporters can always ascertain particulars as to the sailings for Roumanian ports from the steamship brokers and freight contractors in Montreal or New York. With the resumption of trade with Roumania upon the same scale as before the war, there will undoubtedly be re-established many regular lines of steamers to and from the principal European and American ports and Roumania.



## X

**Opportunities for Canadian Trade.**

The Roumanian market presents openings for the extension of Canadian trade, principally in such Canadian specialties as agricultural machinery and implements, saw-milling machinery and logging apparatus, grain elevator equipment, hardware and tools and railway materials and supplies. In textiles, boots and shoes, paints and varnishes, chemicals and drugs, machinery and similar lines, Canadian manufacturers will find it increasingly difficult to compete as the industries of Continental Europe become restored to normal efficiency. In all of these lines, however, there are opportunities for business which Canadian manufacturers should not overlook. In this chapter the prospects for the extension of Canadian trade with Roumania will be considered under the following heads:—

- Agricultural Machinery and Implements.
- Oil Equipment and Supplies.
- Saw-milling Machinery.
- Industrial Equipment.
- Hardware.
- Tools.
- Nails, Wire, Bolts, Nuts, etc.
- Galvanized Iron Sheets.
- Safes.
- Miscellaneous Iron and Steel.
- Motor Cars and Trucks.
- Ready-made Houses and Reconstruction Materials.
- Railway Materials.
- Tramway and Electrical Equipment.
- Grain Elevator Equipment.
- Drugs and Chemicals.
- Paints and Varnishes.
- Paper.
- Leather and Leather Goods.
- Clothing and Textiles.
- Miscellaneous.

**TRADE IN AGRICULTURAL MACHINERY.**

Roumania is essentially an agricultural country with one of the richest soils in Europe, and, in spite of the recurrence of summer droughts in the Old Kingdom and Bessarabia, ranks among the most productive of countries. It follows that the trade in agricultural machinery and implements is one of the most important branches of import, being valued before the war at over \$5,000,000 a year for the Old Kingdom alone. This was the only line in which Canada was represented to any extent in the Roumanian market, there being a large trade in Canadian binders, reapers, mowers, drills and harrows. Most of the harvesting machinery imported into Roumania came from the United States. This country also supplied drills, spring tooth and disc harrows, windmills and oil engines. The bulk of the trade in ploughs, harrows, windmills, oil engines, scythes and sickles was controlled by Germany and Austria. Great Britain shipped chiefly steam portable engines and threshing machines. Foreign manufacturers were represented in Bucharest, the chief centre of the trade in the Old Kingdom, although Craiova, Braila and Galatz were also important distributing centres. Many of the large estate owners arranged their purchases of equipment from Bucharest, in which city they had their town houses and lived during a great part of the year. This was therefore one of the best points in southeastern Europe for the sale of agricultural machines and implements.

The new provinces of Banat, Crishiana and Bessarabia are also large users of implements and machines. The towns of Temisoara, Arad and Oradea Mare were

three of the chief distributing points for the large houses in Budapest, who controlled the Hungarian implement trade before the war. Firms in Odessa did a large business selling machines and implements to Bassarabia. In Transylvania, Bucovina and Maramuresh there is also a considerable trade in implements, but the demand is chiefly for mowers, rakes, scythes and sickles, etc.



The Fiat Tractor in Demonstration near Bucharest, Roumania.

The Roumanian trade statistics only show the total weight of the various kinds of implements and machines imported from different countries. It is therefore difficult to give a clear indication of the share of the trade in the several branches of the implement business which was held by leading competing countries before the war.

#### PLOUGHS.

The ploughs sold in Roumania, both in the Old Kingdom and the new provinces, are mostly of the type similar to that manufactured in Canada for the South African trade. The German ploughs made by Sack, near Leipzig, had the largest sale. These ploughs were of light weight, 170 to 250 pounds, and ranged in price from \$7 to \$15. The ploughs principally sold were one-bottom ploughs, but light-weight two and three bottom ploughs also found a ready sale. The Sack plough has a two wheel fore-carriage, wheels adjustable for different widths of furrows, automatic guide by chains, steel beams, cast steel lower body, and steel mold-board point and landside. There is no sale in Roumania for ploughs without a fore-carriage and disc ploughs have only recently been introduced.

After the Sack plough, the German Eckert and ploughs manufactured in Bohemia had the largest sale in Roumania. The trade statistics show that out of a total importation in 1913 weighing over 4,800,000 pounds, about 3,200,000 pounds came from Germany and 1,500,000 pounds from Austria-Hungary. The ploughs imported from the United States in that year amounted to 120,000 pounds in weight.

The increased use of tractors in Roumania has led to an opening for the sale of gang ploughs, in which branch of trade North American manufacturers are better able to compete with the product of continental manufacturers. Heavy ploughs with 12-inch bottoms are favoured for tractor work. The depth of furrow ploughed is required to average about 7 inches. The soil in Old Roumania is a heavy loamy soil of black earth. That of the Banat and Crishiana is very similar to the soil of the Old Kingdom and Bessarabia.

## HARVESTING MACHINERY.

The International Harvester Corporation of America have a branch in Bucharest and the Massey-Harris Company of Toronto and Messrs. Frost and Wood of Smith's Falls are represented by agents. These firms supplied the bulk of the harvesting machines sold in Roumania before the war. The works of the Hungarian State Railways at Budapest and a German factory also sold a certain number of machines. Previously reapers were in the greatest demand in Roumania, but during the period immediately preceding the war a greater number of binders was being sold. The large estates were very well equipped with machines and were the chief users of binders. About 1,200 binders were sold in a good year. The five-foot binder has the largest sale, there being little demand for the larger sizes of harvesting machines. There is also a large trade in mowers and rakes.

The trade statistics for 1913 show a total import of reapers and binders valued at about \$1,170,766 and weighing 14 300,000 pounds, of which approximately 12,500,000 pounds came from the United States. Canada is not shown separately in the trade returns as a supplier of goods to Roumania. Germany shipped 620,000 pounds and Austria-Hungary 480,000 pounds. Mowers and rakes were imported during the same year to the value of \$66,668 of a total weight of 555,000 pounds, of which 542,000 pounds is shown as coming from the United States.

## THRESHERS AND ENGINES.

The English type of threshing machine is used in Roumania, there being little demand for American threshers. The grain is nearly always fed in sideways and not end on as in Canada. Windstackers are not used, the straw being carried away by elevators. Before the war Austria and Germany had displaced Great Britain as the chief supplier of threshing machines to Roumania. The firm of Lanz, Mannheim, Germany, sold a great number of threshers and engines every year in this market. Medium-size threshers and small threshers for horse-power had the most extensive sale. The trade statistics show an importation of large and small threshers in 1913 valued at \$255,000 and having a total weight of 3,200,000 pounds, of which Austria-Hungary supplied 1,500,000 pounds, Germany 730,000 pounds, Great Britain 700,000 pounds, and the United States 220,000 pounds.

Steam portable engines had a large sale in Roumania, being mostly supplied from Great Britain and Germany. The use of oil engines was, however, increasing greatly before the war, and these were imported from Germany, Austria and Sweden. One and two-cylinder engines of the Benz make, from 3 to 30 horse-power, and motors of the Diesel type had both a large sale, being cheap in price and simple to operate.

## TRACTORS.

There is a good opening for the introduction of a Canadian tractor of from 10 to 25 horse-power. The tractor should not have too heavy wheels in order to avoid packing the soil, should be simple in construction and inexpensive to operate. At the present time the rate of exchange precludes a large business in tractors, but there would be a considerable sale if tractors could be offered to the farmers at about 40,000 lei each, instead of from 55,000 to 120,000 lei at present being asked for small-powered tractors.

## OTHER AGRICULTURAL MACHINERY AND IMPLEMENTS.

Harrows, drills, seeders and cultivators were imported into Roumania from Austria, Germany, the United States and Canada. Windmills were chiefly supplied by Austria, but the American type of windmill finds most favour and Canadian firms should be able to do business in this line. Germany and Austria had a large trade in grain sorters of the roller type. Cream separators and other milk and cheese



making apparatus was also chiefly of German manufacture. There is a very large demand for scythes and sickles in Roumania, since these are the principal implements used by the peasants for harvesting grain and grass. The distribution of the expropriated lands will probably lead to a greater demand for these implements, which up to the present have been chiefly received from Austria. The type of sickle is similar to that used in Russia, a sample of which is on view at the Exhibits and Publicity Bureau of the Department of Trade and Commerce, Ottawa. Corn planters and corn harvesters have been introduced from the United States and the sale of these implements was increasing before the war. Canadian firms should be able to do business in hay presses. There is also a small but promising trade in potato machinery of all kinds. A consignment of 2,000 tons of Canadian binder twine was sent to Roumania under the credit accorded last year. The Canadian twine manufacturers have an excellent opportunity for business in the Roumanian market, since it will be many years before the domestic industry is able to produce in sufficient quantities to supply all of the demand.

In nearly all of the agricultural machinery and implement lines mentioned above, with the possible exception of threshers, corn implements and steam locomobiles, there is an excellent opening for an enlargement of Canadian trade. At the present time the agricultural machinery and implement business is in a stage of transition and the future position is not quite clear. The exchange value of the lei precludes any large turnover in all lines, except those for which the demand is very great. With the machines purchased from Canada last year (1919) there is a sufficient quantity of binders in the country, but a shortage is felt in mowers and reapers. Under the credit accorded by the Canadian Government 3,000 Massey-Harris and 150 Frost & Wood binders, together with a large quantity of spare parts, were imported into Roumania, and these machines are now being offered for sale by the Government to the peasants and landowners at a price of 3,520 lei each. This is the cost price of the machines figured at a rate of exchange very much below the present rate. The Canadian binder twine is also being distributed by the Government in a similar manner. Ploughs have recently been ordered from Czecho-Slovakia. In most other lines of implements a great shortage of new machines is being felt. On the other hand the expropriation of the estates renders the whole agricultural situation uncertain. The estate owners were formerly the principal purchasers of up-to-date farm machinery and appliances. With most of the land divided up into small holdings of about twelve and a half acres, it is evident that the use of farm machinery on an extensive scale will depend largely upon the degree in which the peasants will tend to co-operate with one another. Many of the large estate owners are liquidating a part of their equipment, so that threshing and harvesting machines, seeders and other appliances can now be purchased fairly cheaply second hand.

In view of these considerations the old established agricultural machinery houses in Bucharest are marking time and waiting to see what the future position will be. On the other hand a return of the exchange value of the lei to near par would result in a revival of the trade and lead to heavy importations. It must be remembered that Greater Roumania includes some of the most productive agricultural lands in Europe, and that whatever disposition is made of these lands there must be a great demand for all kinds of agricultural machines and implements, most of which Canada is in a position to supply.

#### OIL EQUIPMENT AND SUPPLIES.

Most of the oil companies purchase direct from foreign countries the bulk of the oil-well supplies and machinery which they require. The British companies obtain their materials chiefly from the United Kingdom, and the oil-well machinery manufacturers are interested in many of the oil companies. Materials for the oil industry comprise some of the most considerable items of import into Roumania. Thus drawn

iron pipes were imported in 1913 to the value of \$7,453,000, amounting to 57,336 tons, supplied in about equal proportions from the United States and Germany. Tank cars were another large item of import in 1913, amounting to 12,318 tons and \$2,463,000 in value, coming from Germany, Belgium and Austria-Hungary. There is a great lack at the present time of all kinds of machinery and materials for the oil fields, and with the resumption of drilling operations on a large scale importations from abroad will be necessary.

#### SAW-MILLING MACHINERY.

The exploitation of the forest resources of Greater Roumania presents opportunities for the sale of saw-milling machinery and logging apparatus, which should be of particular interest to Canadians. The saw-mills in Roumania are equipped with frame saws supplied by German, Austrian and Swedish makers. There should be an opening, however, for the sale of Canadian portable circular saw-milling outfits. For the cutting of the timber of large dimensions found in the Carpathians, North American saw-milling practices should prove better adapted than the European frame saw and might in time be introduced. Canadian logging apparatus of all kinds, cables, locomotives, rolling stock, etc., for timber cutting, should find a ready market in Roumania, since companies are being formed for the exploitation of the timber wealth of the country on a large scale.

#### OTHER MACHINERY.

Other machinery lines will also be required in Roumania for the reconstruction of the factories which suffered during the war and for further utilization of the natural resources of the country. Paper-mill machinery, rock drills and other mining appliances, flour-mill equipment, especially for small unit flour mills operated by oil engines, woodworking machines of all kinds, and machine tools are some of the principal machinery lines in which possibilities for future business should be offering for Canada. The small unit flour mills referred to are for country use with oil engines of from 10 to 30 horse-power. They should be of the roller process and capable of grinding from 600 to 2,000 bushels of grain in twenty-four hours. A Department of Reconstruction has been appointed by the Roumanian Government for refitting the factories deprived of their equipment or destroyed by the Germans during the war. The purchase is desired of machinery and materials for textile mills, boot and shoe factories, iron works, paper mills and cement works. A syndicate of about twenty Swiss machinery and electrical manufacturers has been formed at Zurich to supply reconstruction equipment to Roumania on long terms of credit. Germany and Austria-Hungary have supplied most of the equipment for the Roumanian factories constructed before the war.

#### HARDWARE.

Germany was the chief source of supply for most lines of miscellaneous hardware and tools, but there is now an excellent opportunity for Canadian exporters to secure a foothold in the Roumanian market. Stocks are depleted and will require to be renewed as soon as the exchange rate becomes favourable again for business in these lines. Importers illustrate what is required by showing the pre-war catalogues of firms in Saxony and other parts of Germany, offering a great variety of all kinds of builders' hardware, bathroom fittings, kitchen utensils, enamelled ware, aluminium ware, tools and cutlery. The builders' hardware required includes hinges, locks, door checks, desk and drawer knobs and window fittings. Houses in Bucharest and other cities are built in the most up-to-date manner, but European practices are followed; thus windows are never of the American sash type but open inwards and are secured

by metal rods running up and down and worked by a knob, which pushes the rods into sockets. Bathroom supplies of the white enamelled type and modern plumbers' fittings are now becoming general in the Roumanian towns and require importations from abroad.

Germany and Austria formerly enjoyed a large trade with Roumania in all kinds of kitchen utensils, but especially enamelled ware and aluminium ware. Cooking utensils should all be of broad surface, since wood is the chief fuel used. Lamps and lanterns, and food choppers are also lines imported for household use.

#### TOOLS.

There should be an opportunity for Canadian firms to supply various kinds of tools to Roumania. Cross-cut saws are used to some extent, but the chief business is in handsaws and hacksaw blades. Emery wheels and other abrasives and small tools generally, such as files, twist drills, reamers, taps and dies, vices, etc., are similar in pattern to those used in Canada and with the revival of building and manufacturing large quantities will be required. Austria-Hungary and Germany supplied nearly all of the axes imported into Roumania before the war, the value of the total import in 1913 being \$78,200. The same countries also shipped the bulk of the hammers, picks, shovels, and spades imported. In all these lines the products of Canadian manufacturers should suit the requirements of the market, provided prices and terms of payment are satisfactory.

#### NAILS, WIRE, ETC.

The Roumanian factories supplied most of the nails, wire, screws, bolts and nuts, horseshoe nails required before the war, but at the present time there is a shortage in all these lines and quotations are asked for from Canadian manufacturers.

#### GALVANIZED IRON SHEETS.

Galvanized iron sheets are used for covering the roofs of buildings and houses throughout Roumania and Great Britain has done a large trade in the line. The total import in 1913 was valued at \$1,440,000. Since the armistice consignments of galvanized iron sheets, nails, wire and screws have arrived from the United States.

#### SAFES.

During their occupation of the country, the Germans took away most of the safes in Roumania and destroyed others, so that there is now a great demand for the smaller sizes of safes, especially those about six feet in height or less. Great Britain has sent a number of safes since the armistice.

#### MISCELLANEOUS IRON AND STEEL.

Rolled iron and steel and castings of various kinds and shapes formed one of the chief lines of importation from Germany before the war, as shown in the first chapter of this report, and considerable quantities will be required as soon as importation into Roumania will again be possible on a large scale.

#### MOTOR CARS AND TRUCKS.

The use of motor cars has greatly increased in Roumania since the war, but import restrictions now limit the business in pleasure motor cars. Motor trucks have been resorted to as a means of relieving the transport crisis and many new trucks



have been imported. Owing to the conditions of the roads, a three-ton truck is found the most practicable for this purpose. Canadian firms have a good opportunity for business with Roumania in the large amount of accessories of all kinds required for motor cars and trucks in the country.

#### READY-MADE HOUSES AND RECONSTRUCTION MATERIALS.

Owing to the shortage of housing accommodation throughout Roumania, there is an excellent opening for the introduction of Canadian ready-made or demountable houses. Companies have been formed for supplying the equipment and materials required for the reconstruction of the country and these firms have inquired for quotations and other particulars regarding Canadian construction materials of all kinds cut and expressed themselves particularly interested in the question of purchasing



Present Tramway Facilities Available at Bucharest.

ready-made houses from Canada. Concrete mixers, steam shovels, conveyors, stone crushers and other appliances are also of interest in connection with reconstruction work in Roumania.

#### RAILWAY MATERIALS.

The transport crisis renders the purchase of locomotives and fittings for the Roumanian railways of urgent necessity. An order for 50 locomotives has been placed with the Baldwin Locomotive Company of the United States, and the Skoda works in, Czecho-Slovakia have received an order for 80 new and for repairing 500 old locomotives in two years' time. Many locomotives are being repaired in Roumania, and for this purpose locomotive fittings of various kinds are required, but especially copper pipes and fire boxes for converting coal-burning locomotives into oil users. Particulars as to the specifications of the locomotives and fittings required and the conditions of tender have been forwarded to the Department of Trade and Commerce, Ottawa, and may be obtained by interested Canadian firms on application, (refer file No. 22852).

#### TRAMWAY EQUIPMENT.

The re-organization of the Bucharest tramway presents an opening for Canadian manufacturers to supply a share of the equipment and materials which will be required. The tramway is a semi-municipal undertaking, but the service is badly disorganized and unable to cope with the demands of the traffic. A large quantity of new cars, steel rails, overhead wire and electrical apparatus will be required in order to bring the

service up to efficient operating capacity. Tenders are now being called for the supply of 15,309 tons of steel rails and other materials for the tramway, particulars of which may be obtained on application to the Department of Trade and Commerce, Ottawa (refer file No. T.C. 1-195).

Electrical apparatus has hitherto been chiefly supplied to Roumania by Germany and Switzerland. The further development of the water power resources of the country will lead to the importation of large quantities of electrical machinery and apparatus, in certain lines of which Canada might be able to do business.

#### GRAIN ELEVATORS.

Grain elevators have been constructed at Braila, Galatz, Constantza and certain leading centres in the grain-growing districts, but the importance of the grain trade to Roumania will require the extension of elevator facilities in the near future. The manufacture of grain elevator equipment is a Canadian specialty and hence a close touch should be kept on developments in this connection not only in Roumania, but also in the countries adjoining the Black Sea from whence comes the bulk of the world's grain supplies in normal times.

#### DRUGS AND CHEMICALS.

Caustic soda, oxide of zinc, calcium carbide and super-phosphates are possible chemical openings for Canadian exporters. Calcium carbide was imported to the extent of about 500 tons a year, chiefly from Austria-Hungary and Germany. Caustic soda was obtained from Great Britain and Belgium, the import in 1913 being 3,745 tons. Patent medicines have not the same sale in Roumania as in Canada, but their use is increasing with the growth of advertising and owing to the cost of doctors' prescriptions. Drugs and medicines were mostly imported from Germany before the war, while France is now an important source of supply. There is an opening for Canada in many lines, such as aspirin, phenacetin, etc., but the drugs should be put up according to the European pharmacopœia. British drugs prepared in accordance with the English pharmacopœia have a ready sale, while certain American patent medicines have been introduced.

#### PAINTS AND VARNISHES.

France, Germany, and Great Britain sent the bulk of the dry colours hitherto imported into Roumania; oil paints and varnishes came chiefly from Great Britain, Germany, and Austria. Belgium was also an important source of supply for special dry colours. Owing to the absence of construction work of any kind there is not a very great demand for paints and varnishes at the present time and little has been imported since the armistice. There is a good opportunity for Canadian firms to form connections for the future, and importers expressed their desire to receive quotations and other particulars from Canada. Offers have recently been received from firms in Czecho-Slovakia and Germany for supplying paints and varnishes on advantageous terms.

#### PAPER.

Prior to the war the Roumanian paper industry supplied nearly all of the internal requirements of the country, and there was an importation, chiefly from Austria and Germany, only of such special lines of paper as note paper, bond papers, watermarked papers, porcelan papers, etc. At present, however, only four of the seven paper mills in Old Roumania are operating and there is an acute shortage of all kinds of paper. Inquiries have been received as to the possibility of securing supplies from Canada of writing papers, blotting paper and newsprint. Inferior quality of paper for printing school books is also required in considerable quantities. Importations from Scandinavian countries are becoming increasingly difficult and if satisfactory arrangements



are not soon made the newspapers will have to curtail both in size and circulation. There is a large consumption of paper in the towns of Roumania, since the educated classes read newspapers and current periodicals to an extent surpassed by few other European countries.

#### LEATHER AND LEATHER GOODS.

The importation of leather into Old Roumania was valued before the war at \$2,000,000, while hides were imported to the value of nearly \$1,000,000. Germany and Austria supplied by far the greater part of the leather imported. Thus out of a total import of box calf in 1913, valued at \$553,000 and amounting to 370,000 pounds, Germany sent 260,000 pounds and Austria 90,000 pounds. Kid leather importations in the same year were 56,000 pounds valued at \$468,000, also chiefly from Germany and Austria. There will be openings for the sale of all kinds of leathers to Roumania. Harness and saddlery was imported in 1913 to the value of \$200,000 from Germany, Austria and Great Britain. Leather gloves came chiefly from France and Austria. Boots and shoes of leather were imported into Old Roumania to the value \$620,000, Germany and Austria and the United States being the principal sources of supply. Since the armistice boots and shoes have been imported in large quantities, especially from the United States. The latter country has dumped on to the Roumanian market old-style footwear for which there would be no sale in the home market. On the other hand, in Bucharest and other large towns there is a great demand for high-quality footwear, and American firms operating retail stores do a considerable trade. Canadian boots and shoes are exhibited in the shop windows in Bucharest.

#### CLOTHING AND TEXTILES.

The peasantry for the most part make their own clothing from cloth a part of which is produced locally. There is, however, a large importation into Roumania of cotton and woollen textiles and clothing articles of various kinds. The urban populations wear "European" clothing, and in Bucharest and other cities the dictates of fashion are strictly followed by all the well-to-do. The shops of Bucharest rival those of Paris in the display of silk goods, lingerie, ladies' dresses and expensive dry goods generally. There is no great demand for ready-made clothing. Since the armistice Great Britain has been supplying Roumania with a large amount of textiles of all kinds, both for the use of the urban and peasant populations. Dress goods; sheetings; cotton piece goods and prints; blankets; woollen cloth; underwear, medium weight; socks and stockings have all been imported in large quantities. France has done a considerable business in the more expensive lines and in fancy goods, lingerie, fine woollens, hats, men's shirts, neckwear and ladies' footwear. The Canadian manufacturers have supplied Roumania with serge and other woollen cloth, underwear, blankets, socks and stockings, and there is an opportunity for the further extension of Canadian trade in these and certain other lines such as neckwear. The figures given in the first chapter of this report illustrate the extent of the Roumanian market in most of these clothing and textile lines.

#### MISCELLANEOUS.

Other possible openings for Canadian trade which have been suggested in the interviews with Roumanian importers, are typewriters, sewing machines, rubber footwear, solid and pneumatic rubber vehicle tires, and canned provisions.

Canned fruits have been imported since the armistice from the United States, Italy, Spain and Greece, while France has sent a large quantity of canned vegetables and meats. Provided prices are in line with those from competing countries, importers are of the opinion that Canadian canned salmon, canned apples and other fruits might find a sale in Roumania.



## PRESENT POSITION.

The above are the principal lines in which there is an opportunity for the development of Canadian trade with Roumania. The most important consideration is that of price, and if Canadian exporters can compete with European suppliers they should be able to secure a foothold in this market which will be of value in the future. Besides the price factor it is important that the good reputation which Canada has secured in the Roumanian trade should be maintained and that in all cases goods should be supplied according to sample. The next consideration of importance to the development of future business with Roumania is that of terms of payment as discussed in preceding chapters of this report. At the present time the rate of exchange precludes any large amount of business with Roumania in all but the products most urgently required. However, other countries are still active in seeking for trade with Roumania and business is possible in many cases on a cash or moderate credit basis. Canadian firms should therefore not allow exchange considerations to prevent them from getting in touch with Roumanian importers and should closely follow the developments of the situation. In this way they may participate in any business possible under present circumstances and at the same time will be preparing the ground for the resumption of normal trade with Roumania. A number of trade inquiries have been forwarded to the Department of Trade and Commerce, Ottawa, and published in the *Weekly Bulletin* of the Department. These inquiries form a basis for establishing relations with Roumanian firms, while interested Canadian firms may obtain a list of the principal importers in Roumania on application to the Commercial Intelligence Branch, Department of Trade and Commerce, Ottawa.

## XI

## Import Restrictions.

According to a decree published in the *Moniteur Officiel* of July 11, 1919, the importation into Roumania of articles of luxury was prohibited. Two lists were given, "A" and "B," the goods mentioned in Table A being absolutely prohibited to be imported, while those set forth in Table B may be imported only with the permission of the Ministry of Commerce and Industry.

The two tables in question are given herewith:—

TABLE A.—LIST OF ARTICLES PROHIBITED TO BE IMPORTED.

- |     |   |
|-----|---|
| No. |   |
| 1.  | Jewellery of silver or gold with or without precious stones and platinum jewellery.   |
|     | Pearl necklaces.  |
| 2.  | Carpets, woollen, Indian, Turkish, Persian or from other Oriental countries.  |
| 3.  | Indian or Turkish shawls.   |
| 4.  | Ornamental feathers of any kind, also birdskins and stuffed birds, articles of feathers for wearing apparel.  |
| 5.  | Silk lace.  |
| 6.  | Sparkling wines and liqueurs.   |
| 7.  | Rings or ear-rings of silvered or gilt metal.   |
| 8.  | Jewellery of silver-plated or gold-plated metal or combined with imitations of precious stones.   |
| 9.  | Perfumes of all kinds except unscented eau de Cologne, mouthwashes and hairwashes.  |
| 10. | Articles of ivory, tortoise shell, mother-of-pearl, and other shells, worked or unworked.   |
| 11. | Busts and statues of marble, ornamental wares of alabaster, serpentine or marble, furniture accessories such as fancy tables, inkstands, candle-sticks, paperweights, cups, statues, medallions, frames, etc., manufactured from the above materials or from agate, onyx, malachite, rock crystal, garnet, jet, "tourmaline," or other precious stones or combined with gold or silver. |
| 12. | Worked coral or any kind of precious stone, worked or unworked, also imitations of same.  |
| 13. | Articles of meerschaum or imitation meerschaum.   |
| 14. | Art glass, e.g. mirrors, candlesticks, frames for mirrors, and pictures, mosaics, charms, beads, bracelets, necklaces, hand mirrors.  |

ROUMANIA—PROHIBITED IMPORTS.—*Continued.*

No.

15. Iron fancy candelabra or chandeliers, nickelled, silvered or gilt.
16. Small silvered or gilt fancy articles of zinc for desks, etc.
17. Fancy articles of tin alloyed with lead, zinc, antimony, nickelled, silvered or gilt, and in general all kinds of fancy ornaments.
18. Fancy articles of aluminium or its alloys, combined with silk, mother-of-pearl, ivory, tortoise shell, silver or gold.
19. Fancy articles of nickel, silvered or gilt for tables, desks, etc., and articles of nickel alloy, silvered, gilt, or combined with silver and gold.
20. Busts and statues of art, combined with fine materials, and all other articles of sheet copper, and its alloys, silvered or gilt.
21. Silver or gold articles, not otherwise specified used for ornaments.
22. Leather articles combined with precious metals or fine materials.
23. Powder puffs combined with fine materials.
24. Made-up articles of pure silk fabric.
25. Clothing and made-up articles of silk, wool or cotton, trimmed with fur, feathers, handmade lace, or embroidery, also linen goods trimmed as above.
26. Articles of tarred, waxed or varnished cloth, combined with Morocco leather, tortoise shells, mother-of-pearl or precious metals.
27. Dogs, fancy or sporting.
28. Canaries, peacocks, parrots, pigeons, pheasants, and other fancy birds.
29. Figures and masks of wax.
30. Ornamental trees or shrubs.
31. Fans of feather, lace, embroidery, silk or other materials, combined with fine materials.
32. Beads, etc., of brass, silvered or gilt, of silver gilt, of silver or gold.
33. Toys of all kinds, and of any material.
34. Caviare, fresh, salted or pressed.
35. Fresh oysters.
36. Spirits of fruits, roots of plants, e.g. cognac, armagnac, rum, slivovitz, natural fruit spirits and tafia.
37. Bracelets, necklaces, and fancy beads, made from porcelain, china, etc.
38. Musical boxes with clockwork mechanism, gramophones, etc.
39. Artificial flowers or parts thereof, made from paper, porcelain, glass, celluloid, india-rubber, wax or other paste, and in general all other trimmings for ladies' hats.
40. Spirits distilled from grain, beet and molasses, combined or not with sugar, and with or without aromatics.
41. Wine, must, and grape juices of all kinds.
42. Fresh fruits of all kinds, except lemons, oranges and fruits required for medicinal purposes.
43. Jams, fruits or roots preserved in honey, sugar or sweetened alcohol, candy, syrups, jellies, fruit paste, stewed fruits, rahat, sweets of all kinds.
44. Handmade lace of any vegetable textile material, mixed or otherwise, handmade embroideries of any material.
45. Lamp shades, flowerstands, all kinds of ornamental paper wares, fancy letter-paper, photo albums.
46. Prepared mustard, and all kinds of table sauces.
47. Cider and other fermented drinks.
48. Harmoniums, orchestrions, organs, and all other wind instruments, and parts of the same.
49. Tropical fruits, dried or preserved, except olives, coffee, capers and those used for medicinal purposes.

TABLE B.—LIST OF ARTICLES THE IMPORTATION OF WHICH IS SUBJECT TO THE PERMISSION OF THE MINISTRY OF COMMERCE AND INDUSTRY.

1. Glass in metal frames, or stained.
2. Wire chains, silvered or gilt.
3. Furs of various animals from Tariff Nos. 82/4 simply sewn.
4. Fabrics of pure silk, coloured or plain, velvet, fine or open silk fabrics except those for sieves, gas mantels, or other silk fabrics for use in industry or science; fabrics and made-up goods of artificial silk.
5. Silk webbing, silk ribbons of all kinds, of tulle, gauze or velvet.
6. Neckties of pure silk.
7. Collars, cuffs, shirtfronts, with handmade embroidery or made of pure silk.
8. Collars, etc., as above, mixed with at least forty per cent of cotton or other vegetable textiles.
9. Braces, garters and belts made of pure silk embroidery or lace.
10. Braces, garters and belts made of mixed silk or trimmed with ribbons of mixed silk embroidery or machine-made lace.
11. Neckties or other neck-bands for ladies, of silk, or trimmed with embroidery or lace.
12. Corsets of silk or other textiles, trimmed, embroidered or with lace.
13. Dress protectors covered with silk.
14. Shawls, draperies, head-dresses, table-covers, bed-covers, curtains, etc., of silk, velvet, plush, or other material if trimmed with embroidery or lace.
15. Umbrellas of silk and other material if trimmed, embroidered or with lace or with handles of fine material.

ROUMANIA—IMPORTS SUBJECT TO PERMISSION.—*Continued.*

No.

16. Fabrics of all kinds with metallic threads, excepting church vestments.
17. Unspecified articles of wire and brass and its alloys, silvered or gilt.
18. Hatpins, hairpins, buckles, hooks, etc., if silvered or gilt.
19. Round or flat wire or thread of metal used in embroidery tissues, ornaments, silvered or covered with silk, round or flat wire of thread or silver, plain or covered with any textile material, gilt wire or thread, and round or flat wire of gold or thread.
20. Buttons and combs of any metal, silvered or gilt, military buttons excepted.
21. Studs silvered or gilt.
22. Prepared furs of astrachan (stillborn), blue or black fox, otter, marten, mink, ermine, chinchilla, Russian or Canadian sable.
23. Articles of fine leather (e.g. pocket-books, purses, cigarette cases, etc.), even combined with ordinary material.
24. Shoes and boots, etc., made of fine leather (kid, deer), etc., or of silk and leather.
25. Hats, clothing and trimming except military.
26. Pâté de foie gras, game pates, etc.
27. Powder puffs combined with ordinary material.
28. Tulle figured or embroidered, for ladies' veils, etc., and spangled tulle.
29. Gloves of cotton, linen hemp, or other vegetable materials embroidered by hand or with lace.
30. Furs (as in No. 22) not prepared.
31. Picture postcards.
32. Fancy porcelain articles (household articles excepted.)
33. Eyeglasses mounted in gold, silver, ivory, mother-of-pearl, or other fine material, also binoculars, opera glasses, etc.
34. Household utensils, silvered or gilt.
35. Brooches, buckles, corset hooks and fasteners, and similar articles of iron used for dress, if silvered or gilt. Also thimbles (not including articles of plain or nickelled iron).
36. Knives, polished, unmounted or mounted with fine wood, bone, zinc, ivory, tortoise shell, silver and gold, and scissors similarly mounted.
37. Pens, gilt or silvered.
38. Articles and wares of packfong, alpaca, argentan, etc., excepting table services.
39. Clocks with fine mountings.
40. Watches, with case of silver, silver gilt, gold, or other fine materials.
41. Fine skin for gloves, buckskin, vellum, patent leather and other fine leather.
42. Leather wares of all kinds for personal use, travelling articles, cases, portfolios and school bags made from small skins.
43. Hats made of fine felt.
44. Toilet soaps (perfumed or not) in tablets, paste, powder or liquid.
45. Panama hats, hats of palm fibre.
46. Hats, caps, bonnets, birets and other headgear of silk, plush or velvet.
47. Leather of all kinds for making portmanteaux, etc.
48. Furniture and all kinds of fancy cabinetmakers' wares, upholstered, carved, inlaid, combined with fine materials, gilt, silvered, enamelled.
49. Furniture of bamboo or other exotic woods, or combined with precious metals.
50. Small articles of cabinetwork, such as boxes, caskets, paper-knives, etc., combined with such fine materials and precious metals, and frames, blind rollers, combined with such materials or metals.
51. Wooden chairs, polished, painted, ornamented, combined with fine materials or precious metals.
52. Walking sticks, umbrella handles, whips, penholders, cigarette-holders, combined with fine materials and precious metals.
53. Woven mats of straw, reeds, exotic fibres, for ornamentation, when combined with fine materials.
54. Motor-cars and carriages "de luxe."
55. All furs and bird-skins not otherwise specified, dressed.
56. Tulle and guipures for curtains, bed covers, furniture-covers, etc., fine, i.e., mesh of network, with combination of spots.
57. Tulle of any vegetable textile material without pattern or embroidery, for ladies' wear, bows, also spotted tulle.
58. Lace of any textile material, machine-made, machine-made embroidery of any material for use in dressmaking, etc.
59. Ebony, mahogany, cedar and building woods in the rough or planed.
60. Chocolate or cocoa, ground or in tablets, in all forms, prune pulp, marmalade.
61. Parquet flooring.
62. Plush and velvet of any textile materials, whether bleached, dyed or printed or not.
63. Woollen and cotton clothes and other made-up articles lined with silk.
64. Paper marbled or moroccoed, fine cardboard for pictures and photographs, fine duplex paper and board, wallpaper, silk paper (tissue paper), glazed paper and boards, velvet paper, laced paper, goffered paper or cutpaper, paper canvas stuck on silk paper with monograms, emblems or any kind of designs in relief, gilt, silvered or bronzed, boxes of fine cardboard.
65. Skins and furs not otherwise specified, not dressed.
66. Articles made from animal hair mounted with fine wood, polished or carved, with horn, bone, brass, aluminium.
67. Raw silk of all kinds and floss, sewing silk, silk for embroidery and for making trimming or hosiery, dyed or undyed.



ROUMANIA—IMPORTS SUBJECT TO PERMISSION.—*Concluded.*

No.

68. Beer.
69. Ribbons and trimmings of cotton and other vegetable fibres, woven or plaited, velveteed, white or dyed.
70. Billiard balls, frames, combs and other articles made of celluloid, etc., for use as ornament, even combined with other materials (except combs, buckles, and all simple toilet accessories wholly of celluloid.)
71. Skates.
72. Pianos, grand and upright.
73. Skins prepared, of stag, goat, hare, opossum and musk.
74. All skins of knitted articles of wool, excepting gloves and stockings, cut out, or cut out and sewn or combined with other materials or decorated by hand, or embroidered, or trimmed with lace, trimmings, ribbons, buttons and braids, lace and tulle of wool.  
(NOTE.—Fabrics and made-up wares of wool or vegetable fibres, coloured or otherwise, printed or not, having machine-made embroidery (of wool or vegetable materials) or machine-made cotton lace, are permitted to be imported.)
75. Fine felt.
76. Carpets and mats of jute, cocoanut fibre, or other similar material dyed or not, printed or not.
77. Skins, not prepared of stag, goat, hare, opossum and musk.

## ENFORCEMENT OF DECREE

With reference to the above decree the *Board of Trade Journal* of December 16, 1920, announced that H.M. Commercial Secretary at Bucharest had forwarded a translation of Roumanian Ministerial Decisions, dated 15th and 16th November, and published in *Monitorul Oficial* for 20th and 21st November, intimating that no import licenses would be issued or goods included in Table A annexed to the decree law in question, or for the goods covered by the following items of Table B annexed to the same decree law:—

Items 3-12, 14-15, 17-18, 20, 22, 24, silk ribbon and braid trimmings (except millinery) falling under Item 25, 26-27, 29-31, 34, 39, 44, 46-51, 56; chocolate and cocoa in all forms (falling under Item 60), 61, 63, paper with monograms or designs in gold, silver or bronze relief, and boxes of fancy cardboard (falling under Item 64); the skins and furs falling under Item 65, both dressed and not dressed; 66, 68, 73, 76 and 77; also dried and preserved southern fruits.

Goods included in Table B under items other than those mentioned above may be imported under license.

Private persons may, with special permission, import, for personal use or as household effects, small quantities of the goods the import of which is now prohibited.

The *Board of Trade Journal* of February 24, 1921, announced a ministerial decree permitting importation of gramophones, which had been previously restricted in Table A.

# TRADE WITH HUNGARY

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## I.

### INTRODUCTION

Budapest, July 11, 1920.—The resumption of trade with Hungary presents to Canadian firms the possibility of establishing business connections in this market, which from the point of view of Canadian trade may be considered one of the most important of former enemy countries, because of (1) the essentially agricultural character of the country; (2) the importance of Budapest as a commercial and financial centre; and (3) the relation which the trade with Hungary bears to the trade of south-east Europe generally.

#### IMPORTANT GEOGRAPHICAL POSITION.

The pre-war Kingdom of Hungary, exclusive of Croatia and Slavonia, had a total area of 109,170 square miles and a population of 18,264,000. Present-day Hungary has an area of 35,164 square miles and a population of 7,481,950, thus showing a decrease of 67 per cent in area and 59 per cent in population. On the other hand the new Hungary, in spite of its very restricted boundaries, still occupies a geographical position of great importance. The low-lying Hungarian Plain, with an average height of 328 feet above sea-level and completely encircled by mountain ranges, was for a long period the principal granary of Europe and is a region of remarkable fertility. This plain is watered by the Danube and its tributaries. The former traverses the plain for a distance of about 600 miles, changing its course twice in elbow-form. The new Hungary occupies the centre of the great plain and stretches on both sides of the Danube from below where the river turns sharply south to flow through the plain. This position makes Hungary the connecting link or bridge between the industrial countries of central Europe and the essentially agricultural states of southeastern Europe.

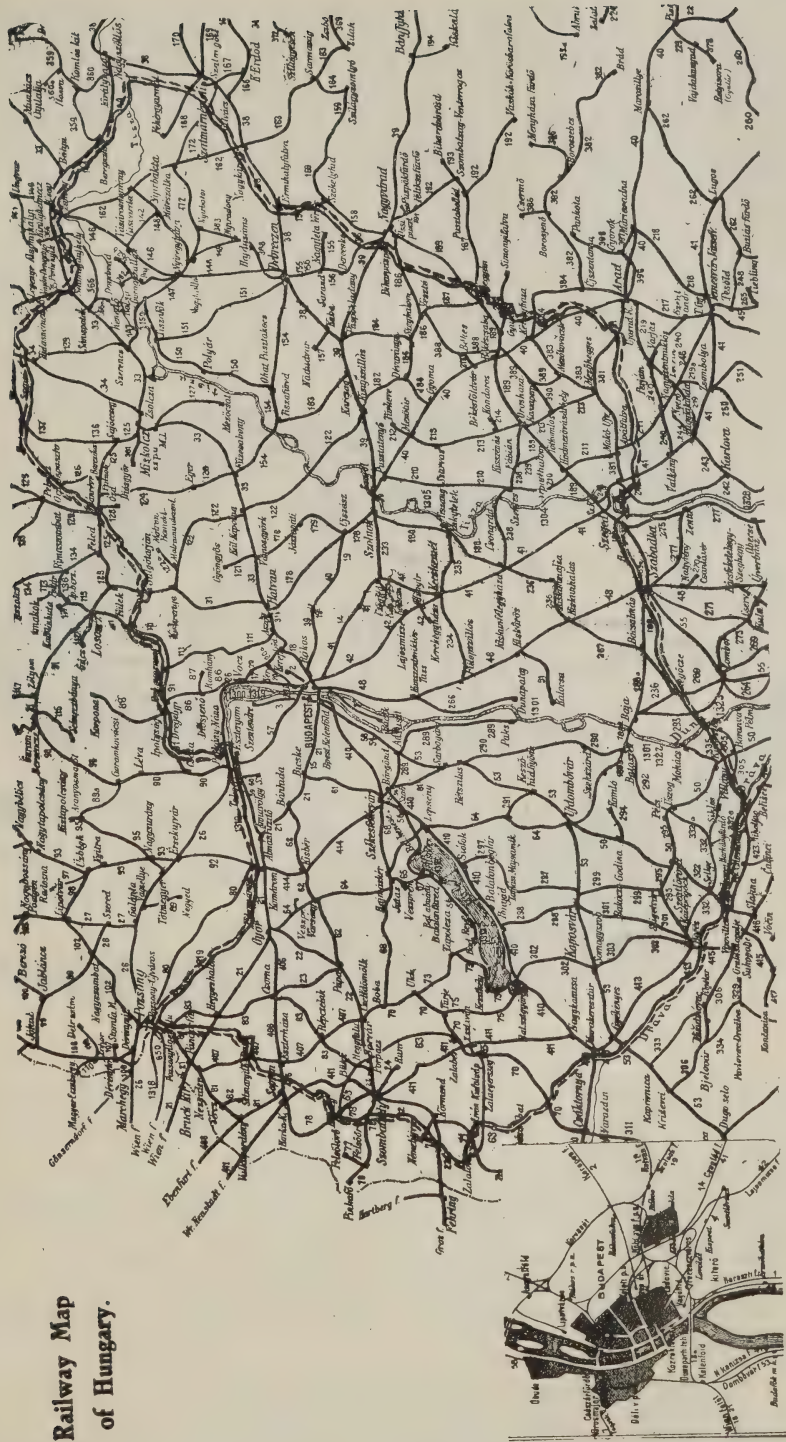
The future trade of Hungary should therefore be considered in conjunction with that of southeast Europe as a whole. Hungary may be regarded as a stepping-off ground for the markets of southern and eastern Europe which require to import the bulk of their requirements of manufactured goods. It may be expected that the competition for commercial advantage in this market will be keen as soon as economic conditions become more stable, for it will be in Hungary that the rival industrial regions of central Europe, western Europe and North America will come most directly into competition.

Canadian manufacturers of agricultural machines enjoyed a considerable trade with Hungary before the war. Canadian machines were distributed by Budapest houses throughout Hungary, Serbia, Roumania and Bulgaria. The excellent reputation which these machines have gained for Canadian productions should encourage exporters of other lines to seek business connections with Hungary. The import requirements of the Hungarian market cover almost all lines of manufactured articles in demand in countries essentially agricultural.

#### BUDAPEST AS A COMMERCIAL CENTRE.

Budapest, the capital of Hungary, is a beautiful and modern city of about 900,000 inhabitants and is the commercial and financial centre of the country. Before the war Budapest was a distributing point not only for Hungary but also for the neighbouring Balkan States. A considerable part of the commerce of these latter countries was controlled by Budapest houses and financed in large measure from this city. This particularly applies to the trade in agricultural machines and implements for which Budapest was before the war the most important centre in eastern Europe

# **1** Railway Map of Hungary.



Railway Map of Present-day Hungary. Note the Network of Railways. The dotted line shows the boundary.



exclusive of Russia. The delimitation of new political boundaries and the economic rivalries resulting from the war will undoubtedly have a restricting influence on the commercial importance of Budapest and will tend to confine the operations of Budapest houses to Hungarian territory. The disorganization of transport is another obstacle to Budapest regaining its position as a trade centre for southeast Europe. On the other hand the following factors are to be taken into consideration as counteracting the tendency of neighbouring countries to break away altogether from the commercial influence of Budapest.

(1) The strategic position of Budapest at the point where the Danube bends to the south and enters the Great Plain of Hungary.

(2) The main trade routes connecting Roumania, Turkey, Bulgaria and Jugo-Slavia with central Europe converge at Budapest. Easy communication is also afforded in normal times between Budapest and the eastern parts of Czecho-Slovakia and Poland and the Ukraine.



Sketch Map showing Strategic Position of Budapest.

(3) The commercial and financial houses at Budapest have the experience and organization necessary for the successful conduct of business with the countries bordering on Hungary.

Provided therefore that normal political and economic intercourse is resumed between Hungary and the neighbouring countries and that adequate transport facilities are available, the commercial firms of Budapest should continue to be important factors in the distribution of goods in southeastern European countries.

The Inter-allied Danubian Commission, charged with the supervision of all questions relating to navigation on the river Danube and its tributaries, has established its headquarters at Budapest.

#### INTRODUCTION OF FOREIGN CAPITAL.

That the importance of the position of Hungary as the gateway to southeast Europe is becoming recognized, is evident from the interest in Hungarian undertakings manifested by the capitalists of the leading western European countries.

Here as elsewhere the Italians were the first in the field, and soon after the overthrow of the Bolshevik régime in Hungary, the Banca Commerciale of Milan established the Foresta Company, Limited, for the development of timber concessions. This company took over possession of the establishments of the Loan Bank of the Hungarian Timber Industries (Fabank), which are scattered throughout the territory of the former kingdom. Following the conclusion of this transaction the same group of Italian capitalists established the Hungarian-Italian Bank with a capital of 400,000,000 crowns. This enterprise was a fusion of the above-mentioned Fabank and the Hungarian Country Bank. The general manager of the new Hungarian-Italian Bank is one of the leading financiers of Hungary, and is also the head of the Hungarian-Agrarian Bank.

Lately it is British and French capital which has been to the fore in connection with the readjustment of Hungarian financial, commercial and industrial enterprises. British financiers have come into prominence in regard to two very important undertakings, viz., the reorganization of the Hungarian River and Sea Navigation Company and the foundation of the British-Hungarian Bank. The former is the leading Hungarian company operating steamers and barges on the Danube and its tributaries. The second has been founded by the acquirement by British interests of a substantial share in the Hungarian Bank and Trading Company, an important Hungarian financial and commercial enterprise with extensive interests in industrial companies and a trading organization embracing Hungary and the Balkan States.

#### BRITISH INTEREST IN DANUBE NAVIGATION.

A prominent group of British financiers are completing arrangements for the participation of British capital in all the principal navigation companies operating on the Danube from Germany (Bavaria) to Jugo-Slavia. The syndicate acquires over 50 per cent of the shares of the Hungarian River and Sea Navigation Company, 40,000 shares of the Danube Steamship and Navigation Company (Austrian), and the 3,000 shares of the South German Danube Steamship and Navigation Company in the possession of the Austrian Government. The British group in question therefore participates in the reorganization of the most important Danube navigation companies and will provide the funds necessary for the purchase of substitutes for the steamers and barges lost during the war and for the improvement of the general status of the companies. The river Danube is the main artery of traffic between central and southeast Europe, and the participation of British capital in Danube navigation should prove a forerunner to the enlargement of British Empire trade with this part of the world.

#### THE BRITISH-HUNGARIAN BANK.

The foundation of the British-Hungarian Bank is regarded as the inauguration of extensive business relations between Great Britain and Hungary. On May 15 last the British and Hungarian Bank, Limited, was formed to acquire the assets of the Hungarian Bank and Trading Company at Budapest. At the same time the capital was increased from 120,000,000 crowns to 220,000,000 crowns by the issue of 250,000 new shares of a nominal value of 400 crowns a share. The new shares were placed at the disposal of the Marconi Wireless Telegraphic Company of London, who subscribed at the rate of 850 crowns to the pound sterling. The shares of the company were lately quoted on the Budapest exchange at 1,280 crowns a share.

It was announced that the scope of business operations will be considerably extended and that the concern will work in close touch with British markets. Besides an up-to-date and extensive banking organization and an interest in several Hungarian industrial undertakings, the British-Hungarian Bank has a widespread commercial organization with departments for the trade in machinery, dry goods, etc. In addition to its organization in Hungary, the company holds a major interest in



subsidiary commercial organizations in Jugo-Slavia, Bulgaria and Roumania, enabling it to cover the whole of the southeast European territory. The machinery department of the Hungarian Bank and Trading Company for several years acted as the representatives for a Canadian make of agricultural machines in all of the above countries and this acquaintance with Canadian products assures offers from Canada for other lines of goods receiving favourable consideration.

The *Pester Lloyd*, a leading Budapest newspaper, comments thus upon the participation of British capital in Hungarian banking: "It is an English belief that trade follows the flag. The British flag has been run up on our financial territory. From to-day it will wave from the towers of Hungary, the country that in the new distribution of territories has become the bridgehead of economic Europe on the eastern front. . . . The founding of the British-Hungarian Bank, Limited, will be cordially greeted in the Hungarian commercial world as a sign of confidence in the future of our land."

#### PRO-BRITISH SENTIMENT.

The Hungarians have welcomed the participation of British capital in the readjustment of the economic life of the country, and there is a marked pro-British sentiment at the present time which springs from deep-rooted causes. This is a factor which should be taken into consideration by Canadian firms in connection with Hungarian trade, since Canadian products will compete with those of the Mother Country in only a very few lines and there is a pronounced desire in Hungary for trade with the British Empire. English culture has long played an important part in Hungarian life and many of the wealthier Hungarians have been educated in England. The English language is spoken to a large degree among the upper classes of the population, especially among the large landowners. English engineers were prominent during the latter part of last century in the making of Budapest a modern city, while British life insurance companies have for many years carried on a large and profitable business in Hungary. The predilection for English culture has again come to the front as a consequence of the reverses which the country has suffered.

The financial position of the country precludes any large trade with Hungary at the present time. The heavy expenses of the Government as compared with revenue and the large amount of paper money in circulation have imposed on the country the need for economy and increased production. Importations are restricted to a minimum; only raw materials and semi-manufactured articles needed for the reconstruction of the economic life of the country, and finished manufactures, absolutely essential for satisfying the most urgent necessities of life, are permitted to be imported. Owing to the general lack of goods on the market importers are realizing high prices on the merchandise which has been brought in. Italian goods were the first to enter Hungary in large quantities after the Armistice, and lately British goods have commenced to make their appearance. Certain small but enterprising British merchants have established themselves in Budapest and have imported several consignments from Great Britain on which they have been able to realize good profits. Merchandise sent to Hungary under present conditions has to be carefully guarded in transit and each transshipment necessitates supervision. Hungarian importers at prevailing rates of exchange are not able to tie up their working capital for the purchases of goods from abroad. Under these circumstances what goods are being imported are mostly the result of the initiative of foreigners, who take the risk of bringing in merchandise for sale on consignment. The needs of the industries of the country for raw materials, tools and machinery are largely met by importations under state supervision and assistance. A list of the goods which may be imported without a license is appended to this report.

#### TRADE ROUTES.

Two main trade routes are being utilized at the present time for sending goods to Hungary from Great Britain and North America. The cheapest and the route most



used is that via Rotterdam, thence up the Rhine to Frankfort and from thence by rail to the Danube on which the goods are then brought down to Budapest by barge or steamer. This route, although attended by great difficulties and delays, is the most practical under present circumstances. The quickest route is that by steamer to Trieste and from thence by rail. The Italian Government is endeavouring to develop the use of the port of Trieste for importations to Central Europe as much as possible and grants various facilities with this end in view. Goods for which speed is a consideration of importance are therefore mostly imported by this route.

#### RESUMPTION OF NORMAL TRADE.

The increase of production and the readjustment of the country's finances will gradually bring about a resumption of trade, when Hungary will require to import



Budapest Offices of British Life Assurance Company.

large quantities of manufactured articles, since stocks in the country are almost depleted. The Hungarians are an energetic and industrious people, who have become convinced of the necessity of working hard to repair the wastage to which their country has been subjected by five years of war, revolution and foreign occupation. While a great deal will depend on the decisions of the Allied Reparations Commission regarding Hungarian indemnities, it may be said that Hungary has already commenced to turn the corner towards ultimate economic recovery. The preliminary reports regarding this year's harvest indicate that there should be a surplus available for export of from 200,000 to 300,000 tons of cereals and a quantity of fruit. An export surplus though small should go a long way towards putting the country on its feet.

#### FINANCIAL AND ECONOMIC POSITION.

An examination of the trials through which the country has passed, and of the present economic and financial position, will help to indicate the difficulties confronting Hungary in the readjustment of its economic life. The pre-war national

wealth of Hungary was estimated at 41,500,000,000 crowns.\* The total public debt which amounted before the war to about six milliards, based on all the territories of Hungary, has since been increased by 32 milliards during the war: 6.2 milliards during the Karolyi régime following the Armistice, 6.5 were incurred by the Bolsheviks, and lately the present régime has added 3.9 milliards to the national debt to meet the deficiency between revenue and expenditure. The greatest losses to the country were suffered as a result of the Bolshevik régime which lasted from March 21 to the end of July, 1919, during which paper money to the value of about 5.8 milliards was issued. This was followed by the Roumanian occupation, when large quantities of rolling stock, agricultural implements and machines, cattle, factory equipment, motor cars and general goods were taken away from the country. It is estimated that the total damage caused by the Bolsheviks and the Roumanian occupation amounted to a total of from seventy to eighty milliards of crowns. This loss of national wealth has had paralyzing effects on the economic life of the country from which it will take a long time to recover.

The present Government has commenced to energetically take in hand the solution of some of the most pressing problems confronting the country. The first steps towards currency reform have been initiated. A part of the notes of the Austrian-Hungarian Bank circulating in Hungarian territory have been withdrawn by means of a compulsory loan in connection with the stamping of the notes as provided for by the financial clauses of the Peace Treaty. Unstamped notes or counterfeited notes issued by the Bolsheviks are no longer considered legal tender. The Government is authorized to issue notes of the Hungarian Clearing House up to 1,500,000,000 crowns, and it is intended that these notes should form the basis of the new Hungarian currency. The measures taken have already had a beneficial effect upon the exchange value of the Hungarian crown, and from a rate of 850 to the pound sterling in March the crown has improved to 590 to the pound at the present time (July). The amount of notes of the Austrian-Hungarian Bank stamped by the Hungarian authorities and circulating in Hungary is approximately 16 milliards of crowns.

## II

### The New Hungary

The new Hungary as constituted by the Peace Treaty has an area of 35,164 square miles, being a little larger than lake Superior. The population is nearly that of Canada, and is estimated at 7,481,950. Pre-war Hungary was one of the most compact countries in Europe, being rimmed by mountains and traversed by a great river. Present-day Hungary occupies the centre of the former territory and is mostly flat. A range of hills crosses the north of the country in a northeasterly direction and finally merges into the Carpathians. East of the Danube these hills attain a fair height. In the southwest are the Pecs Hills north of the river Drave. The lowlands, with an average height of 328 feet above sea-level, comprise all the central and south-eastern portions of the country.

The northern boundary of New Hungary with Czecho-Slovakia follows the Danube from below Presburg (Bratislava) to just above where the river turns to the south from whence it follows the tributary Ipoly and then crosses the foothill spurs of the Carpathians in a westerly direction. The eastern boundary with Roumania follows no natural geographic features, but cuts across the Great Plain. The same applies to the southern boundary with Jugo-Slavia from the Banat to the river Drave. The latter river serves as the new southwestern boundary of Hungary. The province of west Hungary has been attached to Austria, so that the present western boundary of Hungary is several miles east of that of before the war and follows no clearly defined geographic features.

\* Pre-war value of crown=20.26 cents.

## RESOURCES.

It follows from the nature of the territory retained by Hungary that the raising of cereals, stock, fruits and vegetables and viticulture form the chief occupation of by far the greater part of the inhabitants. The most productive agricultural districts are found on the lowlands along the banks of the Danube and its chief tributary, the Theiss. Budapest has many important industries, but elsewhere manufacturing is unimportant. Coal mines are worked in the hills along the Danube in north Hungary and also in the northeast, but contain for the most part brown coal of inferior quality. The best quality coal in the former territory of Hungary was found in the mountains of the Banat at Petroshani, but these mines are now in Roumania. Mines containing good quality coal are also worked in the hills near Pecs and again near the southern boundary of New Hungary, but these latter are still the subject of dispute between the Hungarians and Jugo-Slavs. Of a total production of coal in the former territory of Hungary amounting in 1913 to 10,274,051 tons, over half or 5,906,907 tons were produced in the territory now comprising Hungary. The position with regard to iron mines is more unfavourable to present-day Hungary, the total output of iron ore for the whole of Hungary in 1913 being 2,165,905 tons, of which only 394,960 tons were produced on territory now belonging to Hungary. The total forested area of former Hungary was 9,596,665 acres, while that of present-day Hungary is 1,357,438 acres. The most important forest areas are in the hilly districts in the west and northeast of the country. New Hungary still retains important fishery preserves in the Danube and Theiss rivers and in Lake Balaton. The latter, situated in the west, is the largest lake in central Europe, being 50 miles long and from 2 to 7 miles broad. Its waters contain plentiful supplies of perch, carp, pike, sheat-fish, shad and other fish. The north shore of Lake Balaton is an important wine-producing district. The best known Hungarian wines come from the hilly country, "Tokay," in the northeast section of New Hungary. Rock salt and the precious metals are also found in the foothill spurs of the Carpathians in this section of Hungary.

## CHIEF TOWNS.

Budapest is the only city of importance in the New Hungary. All railway lines radiate from Budapest and the commerce of the country is centred in this city. Nearly all the other large towns have the characteristics of what are known in Europe as "market towns," that is, marts for the sale of agricultural produce and the distribution of supplies for the agricultural population. The second largest town in Hungary is Szegedin, the commercial centre of Lower Hungary with a population of 118,000 and situated on the river Theiss near the boundary with Jugo-Slavia. Debreczin with 92,000 inhabitants is the most important commercial town in north-east Hungary. Kecskemet, on the plains between the Danube and Theiss, is a town of 67,000 inhabitants and has busy cattle and grain markets. It is also the centre of a prosperous fruit-growing district. Pecs (50,000) is the most important centre in southwest Hungary and in the northeast there is the busy town of Győr (Raab) with 43,850 inhabitants.

## COMMUNICATIONS.

The network of railways in the former territory of Hungary has a mileage of 14,000 of which 5,223 miles are within the present boundaries. There are eight trunk lines radiating from Budapest in all directions. These main lines are crossed by the new boundaries, so that the consolidation of the restricted railway system would require the construction of connecting lines within New Hungary. The railway services at present suffer greatly from the shortage of rolling stock, owing to the losses during the Roumanian occupation. It is expected that some of the railway cars taken by the Roumanians will be returned. Otherwise Hungary will be handicapped by the lack of proper railway facilities until the financial position of the country permits of the renewal of the rolling stock which has been lost.



In addition to the railways, the navigable waterways of Hungary have always taken an important part both in the internal and external trade of the country. The splendid facilities afforded by the Danube have been availed of more by Hungary than by any of the other riverine states, except Roumania. The total freight traffic of the whole Danube from Bavaria to the Black Sea amounted in 1913 to 15,000,000 tons, of which 5,000,000 tons was accredited to the former territory of Hungary. The river traffic at Budapest, alone, amounted to 3,000,000 tons, making this city the most important interior port on the river. The number of passengers carried annually on the waterways of former Hungary was about 2,400,000. Besides the Danube a considerable traffic is carried on the Theiss, the principal tributary with a total navigable length of 462 miles most of which is within the present boundaries of Hungary. In the foreign trade of former Hungary before the war, the importations by navigable waterways amounted to 800,000 tons a year and the exportations to 1,000,000 tons, being respectively 12 and 20 per cent of the foreign traffic carried by the railways. It may be expected that the waterways of Hungary will be used to an increasing extent in view of the disorganization of railway traffic, but here also the lack of barges and steamers and the shortage of coal greatly limits the extent to which these facilities can be utilized.

#### POPULATION.

People of Hungarian or Magyar descent comprise by far the greater proportion of the inhabitants of present-day Hungary. The Magyars are a people of Finnish race who originally inhabited the Central Ural District in Russia, but who owing to the pressure of Turko-Tartars from the East left their original homes in the ninth century and crossing the Carpathians settled in the fertile plains of the Danube, where they have maintained themselves for over a thousand years. The Magyars readily absorbed European culture, and were for many years the eastern outpost of western civilization. As a result of the compromise of 1867 Hungary was constituted an independent kingdom of the Austrian Empire, only the army, navy, foreign affairs and the customs house being left to the jurisdiction of the Imperial administration. Hungary finally secured full independence by the revolution of 1918. The majority of the Hungarians are of the Roman Catholic faith, although the proportion of Protestants is also very large.

Besides the Hungarians the only other considerable elements in the population of New Hungary are Germans, of whom there are nearly 100,000 in Budapest and the rest mostly in scattered colonies and in the larger towns, and the Jews, of whom there are 166,000 in Budapest alone. The internal commerce of the country is largely in the hands of the Jews who are found in all the larger towns.

#### LANGUAGE.

The language of the Hungarians is a Turko-Finnish language with admixtures of Slav. It is one of the most difficult languages in Europe for western Europeans to master. After Hungarian the most useful language for business purposes in Hungary is German, while English and French are generally understood. It is preferable, however, to correspond in German with Hungarian firms, if facilities for such are available.

#### CLIMATE.

The climate of Hungary is similar to that of central Germany. The average rainfall is about 24 inches. Rains are most abundant in the spring and early summer, while during the late summer long periods of drought at times endanger the quality of the crops. In accordance with the climate of Hungary the vegetation is varied, but deciduous trees predominate. Districts on the Plain with a moderate rainfall have all the bare characteristics of prairie country.

## III

## Hungarian Agriculture

The soil of Hungary is noted for its fertility and the variety of its products. Large quantities of all kinds of agricultural products were exported before the war from Hungary to the markets of central and western Europe. The flour made from Hungarian wheat has long been the standard in European countries. The export of wheat from the whole of former Hungary amounted in 1913 to 16,500,000 bushels valued at \$22,870,000, while flour was exported in the same year to the value of \$51,200,000. The greater part of this wheat and flour export went to Austria and the other countries of central Europe. In hardly any other country can agriculture be said to have as important a place in the national economy as is the case in Hungary. Over 90 per cent of the population are engaged in agricultural pursuits. Even the



Hungarian Peasant Homestead.

Slovaks employed in the timber industry of what is now part of Czecho-Slovakia, formerly came down with the timber every summer to the plains and assisted in the harvesting of the crops. The larger towns of Hungary, with the exception of Budapest, have a purely agricultural character such as is not to be found in western Europe. In view of this pre-eminence of agriculture it is important to study the conditions under which farming operations are conducted in Hungary and their relations to the possibilities for future Canadian trade.

## AGRICULTURAL MUSEUM.

The writer had the opportunity of visiting, under the courteous and able guidance of the Director, the Hungarian Agricultural Museum at Budapest, which is unique of its kind and contains many instructive exhibits illustrating the methods and development of agriculture in Hungary. This museum is in itself a testimony of the study and importance given to scientific farming by the Hungarians.

## FARMING METHODS.

In respect of land tenure and farming methods Hungary may be said to be a land of extremes. The land is chiefly divided between numerous estates of great size and a mass of small holdings of less than 30 acres. Medium-sized estates account for



only a very small proportion of the total area of cultivated land. During the last fifty years the number of small holdings has been increasing, since with falling prices farming on a large scale has been proving less profitable. This, however, has resulted from the subdivision of medium-sized estates as much as from the partition of the large estates. Serfdom was abolished in Hungary in 1848, and since that date the peasantry has developed into a conservative class. By their thrift the peasants have been able to improve their relative economic position. The standard of cultivation was steadily improving before the war, but conditions of living still remain very primitive among the peasants. It was on the large and medium estates that intensive farming was chiefly practised. The large Hungarian landowners have pursued with energy the introduction of up-to-date farming methods and the improvement of the breeds of horses and other live stock. Under their leadership the standard of cultivation was being raised in all parts of the country, even on the small peasant holdings. The result is seen in the great increase in the yield of the principal crops, especially of wheat. The following figures of the number of various kinds of machines in use on Hungarian farms in the years 1871, 1895, and 1915 are instructive and should prove of interest to Canadian manufacturers of agricultural machines and implements:—

	1871.	1895.	1915.
Steam ploughs and traction engines . . . . .	a few	179	952
Threshing machines . . . . .	2,464	9,509	28,907
Reapers and mowers . . . . .	1,927	13,329	28,210

Besides the increasing use of machinery, there was a steady improvement also in the cultivation of the ground, the use of manure, the selection of seeds and the extermination of tares. The system of deep furrows, breaking up of stubble land and harrowing was making headway, and as an indication of the increasing use of artificial fertilizers it may be mentioned that while in 1895 Hungarian agriculture used 29,460 tons of superphosphates, by 1913 this quantity had risen to 232,400 tons.

Perhaps the most important work accomplished in Hungary for the development of agriculture has been the reclamation of land. In the valley of the Theiss river about 6,437,000 acres were reclaimed and settled, while in the Danube valley 3,117,000 acres were similarly rendered suitable for cultivation. In addition 2,130,000 acres in other parts of former Hungary have been drained.

#### PRODUCTION OF CEREALS.

The total area of the productive land in the whole of the former territory of Hungary has been estimated at 77,000,000 acres, of which 35,750,000 acres are arable land. On this land there were raised in 1913 the following crops; together with the average yield per acre:—

	Bushels.	Bushels per acre.		Bushels.	Bushels per acre.
Wheat . . . . .	151,670,000	17.6	Corn . . . . .	191,430,000	26.2
Oats . . . . .	91,178,000	28.4	Sugar beets . . . . .	194,800,000	227.6
Barley . . . . .	75,420,000	24.0	Potatoes . . . . .	181,670,000	105.2
Rye . . . . .	50,716,000	17.6			

The above figures are for the former Hungary, a country over three times the size of the present state. The new Hungary, however, still retains a large part of the principal wheat lands on the plains of the Danube and Theiss, south and east of Budapest. Barley is chiefly grown in the western districts to supply the breweries of Austria and Bohemia with raw material. The corn districts are mostly in the south and east and together with potatoes are consumed largely by the peasants. Potatoes are also utilized by the spirit distilleries. Hemp may be mentioned as one of the agricultural products exported from Hungary before the war. Tobacco is grown to supply the factories of the State Monopoly. The spread of intensive farming has resulted in the increase in the production of fodder crops.



## OTHER CROPS.

All kinds of temperate zone fruits are grown in Hungary, and there was a fairly considerable export before the war, especially of grapes and melons to neighbouring countries. The vineyards of former Hungary covered an area of 810,000 acres. The cultivation of the vine has been increasing on the light sandy soil of the lowlands. There is a considerable production of white and red wines and Burgundy, and there was a large pre-war export particularly to Russia. An abundance of vegetables are also raised, and Hungary is noted for its cucumbers, lettuce, onions and horse radishes. Paprika (red pepper) is considered a great delicacy and is grown chiefly in the southern districts around Szegedin.

## LIVE STOCK.

The attention paid to the breeding of cattle, pigs, poultry, sheep and horses by the Hungarian Government and the large landed proprietors has resulted in a great improvement of the live stock of the country. Western breeds of horned cattle have been imported in large quantities from Switzerland and other countries. Horses and pigs from England and the principal wool-giving breeds of sheep have also been brought



Stud Farm in Hungary.

in. The small peasant landholders possess the greater part of the live stock of the country and this particularly applies to horned cattle and pigs. Stock breeding on a large scale is, however, conducted by the landed proprietors. There were twenty-four stud farms in pre-war Hungary and the annual export amounted to about 60,000 horses. Oxen are extensively used as beasts of burden by the peasants and, in some part of the country, buffaloes. Poultry keeping is general throughout Hungary and there was an export of poultry produced from former Hungary valued before the war at about \$16,000,000 a year. The wool from Hungarian sheep is of good quality and esteemed abroad.

The following are the figures of the total number of principal live stock in the territories of former Hungary in 1911:—

Horned cattle.. . . .	7,318,121	Pigs.. . . .	7,580,446
Horses.. . . .	2,351,481	Sheep.. . . .	8,548,204

## PRE-WAR EXPORTS.

A glance at the table of the pre-war exports from former Hungary will indicate the important share which agricultural products contributed to the total foreign trade of the country. In 1913 the export of raw products was valued at \$197,200,000 and that of semi and finished manufactured goods at \$183,200,000, a total of \$380,400,000. The following are the values in round figures of the principal lines exported:—

Flour.. . . .	\$51,200,000	Horses.. . . .	5,600,000
Pigs and oxen . . . . .	46,200,000	Corn and barley . . . . .	15,000,000
Wheat . . . . .	22,800,000	Eggs . . . . .	7,600,000
Timber . . . . .	14,000,000	Poultry . . . . .	6,600,000
Hides and skins . . . . .	5,800,000	Bacon . . . . .	3,200,000
Leather . . . . .	6,000,000	Hemp.. . . .	2,400,000
Wine . . . . .	9,000,000	Tobacco . . . . .	4,400,000
Cows . . . . .	4,200,000	Iron ore . . . . .	2,000,000
Wool.. . . .	3,200,000	Feathers . . . . .	2,200,000

## PRESENT CONDITIONS OF AGRICULTURE.

The above is a survey of the conditions under which agriculture was carried on in Hungary before the war. At present the large landowners and peasants on the territory retained within the boundaries of Hungary are working under great handicaps. The greatest difficulty confronting the farmers is the great lack of implements, machines and live stock, owing to the immense quantities of farm equipment and stock taken by the Roumanians during their occupation of the country. This applies especially to the central and southern districts. The eastern districts across the Theiss river did not suffer to such an extent owing to the uncertainty which then existed as to the fixing of the boundary between Roumania and Hungary. In ordinary events many of the agricultural machines in the country would now be requiring renewal since during the whole of the war period few new machines were supplied to the farmers, although those in the country were kept in running order by an uninterrupted supply of spare parts. The lack of oxen and other draught animals is having a serious effect on the farm operation of peasants and large landowners alike.

## EXPROPRIATION OF THE ESTATES.

Another obstacle to the readjustment of the agricultural industry is the uncertainty regarding land reform. At present the large proprietors are still mostly in full possession of their estates, but a measure of expropriation is included among the proposed reforms of the Government. There are two parties: one the Agrarians who advocate the expropriation and redistribution of the landed estates among the peasantry, and the other a moderate party in favour of dividing up only the very large estates. At the moment of writing (July, 1920) a compromise measure would appear probable involving the expropriation of all estates over 1,250 acres. Hungary is at present administered by a governor, General Horthy, and a cabinet responsible to a National Assembly elected on the basis of universal suffrage. The existing cabinet represents a fusion of the Christian National Union and the Peasants' and Farmers' Party.

## CROP PROSPECTS.

In spite of the difficulties above mentioned the Hungarian farmers are working industriously to effect the reconsolidation of the country's basic industry. Preliminary reports on the coming harvest are promising. The Ministry of Agriculture has announced a probable yield of 34,320,748 bushels of wheat, 18,240,208 bushels of rye, 21,699,155 bushels of barley, and 23,103,714 bushels of oats. The prospects would also point to a rich harvest of corn and potatoes, while the situation as regards sugar beets and forage beets is reported to be satisfactory. A surplus for export is anticipated of from 200,000 to 300,000 tons of cereals and of a considerable quantity of fruit. An export surplus of even this proportion can be regarded as the first step towards the economic recovery of Hungary.

## IV

**Agricultural Implements and Machinery.**

## RENEWAL OF FARM EQUIPMENT.

The restoration of normal agricultural production and of the efficiency of farm operations requires the restocking of a large amount of farm equipment and live stock. Unfortunately the present position of the country, both financially and economically, does not permit the importation from abroad of large quantities of agricultural machines and implements. The leading dealers at Budapest were interviewed regarding the prospects for the sale of Canadian machines and implements to Hungary and the consensus of opinion was that it would be several years before a revival of the trade from Canada in these lines could be expected. It is evident that with the rate of exchange ranging around 150 crowns to the dollar the amount of business in farm equipment must be limited until such time as the development of exports from Hungary permits of extensive purchases from abroad of the supplies urgently required in the country. The great shortage of agricultural machines results in high prices being realized for available stocks, but only few farmers are able to pay the prices asked.

Agricultural machines are manufactured in Hungary, there being a number of factories at Budapest. The largest are those of Grand Duke Frederick and the Hungarian State Railroads. These factories produce steam-ploughing outfits, threshers and other lines of implements. Messrs. Clayton and Shuttleworth, locomobile manufacturers, of Lincoln, England, have had a branch factory established at Budapest for many years. The Hungarian factories are now hampered owing to the lack of raw material and coal, but the Government is granting facilities and encouraging the domestic manufacture of implements to reduce the necessary importations from foreign countries.

## THE AGRICULTURAL MACHINERY TRADE.

An improvement in the economic position of Hungary will first of all reflect itself in a revival of the import trade in agricultural machines, since these are among the most urgent requirements of the country. Figures of the pre-war trade in agricultural machines are only available for the whole of the former territory of Hungary. Croatia and Slavonia included, the following being the totals of the quantity and value of the import of all kinds of agricultural machines in each of the five years preceding the outbreak of the war:—

Year.	Quantity. Tons.	Value.
1910. . . . .	24,447	\$3,227,596
1911. . . . .	25,334	3,435,398
1912. . . . .	30,330	4,214,356
1913. . . . .	25,920	3,591,868
1914. . . . .	14,555	2,100,150

The principal sources of supply are indicated in the following table for the year 1914, although allowance must be made for the war which intervened during the last five months of that year:—

Country of Supply.	Quantity. Tons.	Value.
Austria. . . . .	10,166	\$1,016,599
United States. . . . .	3,865	237,255
Germany. . . . .	1,064	199,379
Canada. . . . .	688	80,362
Great Britain. . . . .	686	162,592



The above figures comprise the imports into the whole of former Hungary, a territory of 125,170 square miles with a population of 20,850,700 as compared with the present area of Hungary of 35,164 square miles and population of 7,481,950. They, however, afford a good indication of the extent of the trade in agricultural machines. The bulk of the importations from the United States and Canada consisted of harvesting machines, as the following figures covering the import of reapers and mowers in 1914 will show:—

Country of Supply.	Quantity.		Value.
	No. of Machines.		
United States.....	1,468		\$138,541
Canada.....	679		74,048
Austria.....	666		52,383
Germany.....	10		193
Total import.....	2,823		\$265,165

Spare parts for harvesting machines were imported in the same year to the value of \$33,348.

The other importations of agricultural machines from the United States and Canada in 1914 included the following items of the Hungarian classification:—

	Total Import.		From United States.		From Canada.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
Hay rakes and tedders and binders.....No.	1,007	\$ 31,045	205	\$6,798	138	\$5,027
Ploughs.....tons.	2,138	259,163	38	4,993	8	1,034
Harrows....."	396	42,730	98	9,790	2	253
Seeders.....No.	3,520	229,709	934	47,359	.....	—
Threshers....."	655	325,056	4	2,550	.....	—
Steam ploughs....."	111	229,133	7	9,465	.....	—

The total of \$162,592 worth of agricultural machines imported from Great Britain in 1914 was comprised of 37 steam plough outfits valued at \$104,774, parts thereof at \$54,835, harrows valued at \$1,846, and one threshing machine of a value of \$1,020. It is evident that the war accounts for the small British trade in threshers in 1914. At one time this trade had been considerable but was decreasing owing to German and Austrian competition.

The imports from Germany in the year in question consisted chiefly of 54 steam-ploughing outfits valued at \$98,219, 13 threshers at \$4,641, spare parts for reapers and mowers at \$3,888, seeders at \$2,740, ploughs of a total value of \$41,652, harrows valued at \$3,237, and milk and cheese-making machinery at \$16,652.

The greater part of the import of threshing machines, seeders, grain cleaners, forage choppers, ploughs, harrows, milk and cheese-making machinery, etc., was credited in the Hungarian trade returns to Austria, but it is probable that a great amount of German and some English machinery is included in the totals given, having been imported into Austria and then reshipped to Hungary, thus appearing in the trade returns as of Austrian origin.

#### PRINCIPAL LINES OF IMPLEMENTS SOLD.

The leading Hungarian, Austrian, Bohemian and some of the German makers of agricultural machines and implements have maintained offices and attractive showrooms at Budapest, which was the centre of the trade for the whole of Hungary and a great part of southeastern Europe. United States and Canadian makes were also well represented before the war by offices and showrooms of their own in addition to agents throughout the territory covered from Budapest. Agricultural machines were chiefly sold in Hungary before the war on the basis of from four to nine months' credit. (Continental manufacturers usually accorded their agents a discount of from 20 to 30 per cent off the list prices, while sub-agents and dealers were allowed from 10 to 15 per cent. Contributions were also made to the cost of advertising.

The ploughs having the largest sale in Hungary have been the German Sack and Eckert makes, although the makers in what is now Czecho-Slovakia have also enjoyed a large trade. The Sack plough is considered the model for Hungarian requirements. It is arranged to turn the furrow entirely over and is fitted to a two-wheel fore-carriage. The farmers of Hungary steadfastly adhere to the fore-carriage plough. These ploughs sold at from \$8 to \$40 before the war. The firm of Rudolph Sack also manufactured a harrow that had a large sale in Hungary, although American makes were also well to the fore.



Two Methods of Harvesting in Hungary.

The English and German types of threshing machines are preferred in Hungary to the American. Threshers were manufactured on English patents by the Hungarian State Railroads. The German make having the largest sale was that of Heinrich Lanz, of Mannheim. The establishment of branch factories of English houses in Austria and Hungary had decreased the direct importations from Great Britain of threshing machines and portable steam engines. Steam-ploughing outfits for use chiefly on the large estates were imported from Great Britain (Fowler) and Germany, and also manufactured in Hungary by the factories of the Grand Duke Frederick and the Hungarian State Railroads.



Tractors were being introduced into Hungary when the war intervened. With the distribution of the large estates among the peasantry there are now excellent prospects for the future trade in a small tractor up to 20 horse-power for sale to medium estate owners and associations of peasants. This trade is worthy of the careful consideration of Canadian manufacturers of tractors and gang ploughs, two and three furrows. Formerly Hungary was one of the best markets in Europe for steam-ploughing outfits, but the future should witness a great development in the use of motor traction for ploughing and general farm work. Hitherto the steam ploughs have been used on the large estates, the peasants adhering to oxen or horse-drawn ploughs owing to the smallness of their holdings. The tendency for co-operation among the peasants in the use of machinery and the formation of peasant associations is being carefully watched by the agricultural machinery dealers at Budapest, since the distribution of the large estates is expected to revolutionize the machinery trade.

Other agricultural machines supplied to Hungary chiefly by German, Bohemian, and Austrian firms included beet-gathering machines with automatic stalk cutters, corn shelters, grain separators and cleaners. Drills and seeding machines were also chiefly supplied from these countries, but United States and Canadian makes were represented. On the whole it may be stated, that with the exception of the lines of ploughs and threshing machinery, there is a preference in Hungary for United States and Canadian agricultural machines, provided prices are in line with those of European makes. In harvesting machines these countries have had the bulk of the trade. Attempts are being made to manufacture reapers and mowers locally, but are not likely to interfere with the sale of Canadian makes when normal trade can be resumed. On the other hand, during the war the German, Austrian, and Hungarian factories commenced the manufacture of spare parts in order to maintain the American and Canadian machines in the country in running order. These factories are now able to supply most of the requirements for spare parts for harvesting machines. This will probably have an effect on the trade in spare parts from abroad for some little time. It is too early yet to predict the effect which the expropriation of the large estates will have on the sale of harvesting machines. The distribution of more land to the peasants may possibly result in an increased use of reapers, which will counterbalance the falling off in the demand for binders and mowers from the large proprietors. Up to the present the crops on the small peasant holdings have been harvested chiefly by the use of sickles and scythes, but with larger holdings and greater co-operation among the peasants, the use of harvesting machinery may become more general.

#### SUMMARY OF THE SITUATION.

The agricultural machinery situation in Hungary may be summarized by stating that there is a great need for nearly all lines of agricultural machines and implements owing to losses and deterioration during the war. The lack of traction animals augments the need for farm machinery, such as tractors and locomobiles. On the other hand, the financial position of the country hinders the importation of large quantities of agricultural machinery from abroad. The proposed land reforms render uncertain the future of the machinery trade, since the large landowners were formerly the chief purchasers of farm machinery. The distribution of the land among the medium estates and peasant holdings of from 12 to 75 acres will have a marked influence on future sales. A great deal may be said to depend on how far the peasants will tend to co-operate in the use of machinery. The formation of peasant associations and the confining of dealings to these organizations is regarded as a future possibility of the trade. It is evident that when the trade in agricultural machinery is resumed with Hungary it will be conducted under entirely different conditions to those prevailing before the war.



The revival of exports from Hungary and the urgent need for renewed farm equipment will undoubtedly lead the Government to take measures before long for facilitating the importation of agricultural machines. Purchases can now be made only on the basis of cash or against Hungarian produce, so that the assistance of the Government is needed in view of the low exchange value of the crown. Negotiations for the purchase of ploughs from Czecho-Slovakia have been reported, while lately the press has given publicity to a proposal said to emanate from a syndicate of Italian manufacturers who offer to supply Hungary with agricultural implements and artificial fertilizers for which they will accept payment in agricultural produce over a long term of years. In a few years, when the country commences to recover from its present crisis, negotiations of the kind mentioned will be supplanted by regular importations without Government assistance, and it will be then that Canadian firms will have the opportunity of establishing connections in the Hungarian market with a view to building up a large trade in agricultural machines and implements.

## V

**Manufacturing Industry**

The only other industries, besides agriculture, on the present territory of Hungary, which have contributed in the past to the export trade, are the flour milling and sugar industries. At Budapest there are fourteen flour mills which in 1913 ground 34,800,000 bushels of wheat, in addition to mills at other points through-



Grain Elevator at Budapest.

out the wheat districts. Budapest has also extensive iron works, machine factories and textile mills, but in few of these lines is the domestic industry sufficient for the requirements of the country. The small towns in the Danube valley above Budapest also carry on a certain amount of manufacturing, but elsewhere, with the exception

of the flour, spirit and sugar industries, manufacturing is unimportant. Of the former large Hungarian paper industry only one mill with an annual output of about 4,000 tons is retained within the present boundaries of Hungary. The same applies to the other industries utilizing forest products as raw material. For a large part of their requirements of manufactured articles the Hungarians will therefore have to rely on importations from other countries. The geographical proximity of the industrial countries of Central Europe—viz., Czecho-Slovakia, Austria, Germany and Switzerland—and the unrivalled facilities afforded by the Danube, will make these countries the natural source of supply for the greater part of the goods which Hungary will have to purchase from abroad. Central Europe has provided Hungary in the past with the bulk of her import requirements, hence the products of these countries are what the Hungarians have been accustomed to use. On the other hand there are certain lines of trade in which Western European and North American goods have the possibility of competing. These lines may present possible openings for Canada and are worthy of consideration.

## VI

## Import Trade of Hungary

## PRE-WAR IMPORT TRADE.

The only statistics available relating to import trade are those covering the pre-war imports into the whole of the former territory of Hungary, which has nearly three times the area and population of the present state. The total value of the importations into former Hungary in 1913 was approximately \$415,000,000, of which over 71 per cent was comprised of industrial products, 18 per cent agricultural and forest products, and over 10 per cent mineral products. The import of the principal textile lines represented a value of over \$90,000,000; leather and leather shoes, \$25,200,000, and clothing, \$10,800,000. The following are the values in round figures of the principal items of import in the year in question:—

Item of Import.	Value.	Item of import	Value.
Cotton and woollen tissues.	\$58,800,000	Cotton yarn . . . . .	4,000,000
Coal. . . . .	16,400,000	Silk tissues . . . . .	4,000,000
Leather. . . . .	16,200,000	Furniture . . . . .	4,000,000
Ironware. . . . .	14,800,000	Agricultural machines. . . . .	3,600,000
Shoes. . . . .	9,200,000	Stationery. . . . .	3,000,000
Ready-made clothes for men	6,400,000	Hats. . . . .	2,800,000
Linenware. . . . .	5,600,000	Rubber goods . . . . .	2,400,000
Socks and stockings . . . . .	5,200,000	Woollen yarn. . . . .	1,800,000
Metalware (other than ironware). . . . .	4,600,000		

The greater part of the importations into Hungary are credited to Austria, but it is probable that a large quantity of the goods of other countries are included in the total of imports from Austria, having been supplied to Hungary through the intermediary of Austrian houses. The values of the total imports from the principal countries, which supplied Hungary with goods in 1913, are as follows:—

Country of supply.	Value of total import in 1913.	Country of supply.	Value of total import in 1913.
Austria. . . . .	\$296,565,000	Italy. . . . .	5,666,000
Germany. . . . .	41,448,000	France. . . . .	5,142,000
United States. . . . .	9,359,000	Switzerland . . . . .	2,074,000
Great Britain. . . . .	8,061,000		

The total value of the importations from countries other than Austria and Bosnia and Herzegovina in 1913 was approximately \$113,213,600. In view of the large importations credited to Austria, and the likelihood that goods of the other countries, mentioned above, are included in the total given, it is of interest to show



the principal lines of import from Austria together with the total import in the year in question:—

Class of Goods.	Value of Import from Austria.	Value of Total Import.
Cotton tissues.. . . . .	\$45,329,000	\$46,257,000
Tissues of linen, hemp and jute.. . . . .	7,262,000	7,608,000
Woollen tissues.. . . . .	26,044,000	27,532,000
Silks.. . . . .	7,963,000	9,436,000
Clothing.. . . . .	22,848,000	23,540,000
Paper and paper articles.. . . . .	7,224,000	7,913,000
Leather.. . . . .	13,340,000	16,321,000
Leather goods.. . . . .	9,751,000	11,652,000
Articles of wood and celluloid, etc.. . . . .	6,524,000	7,828,000
Raw and semi-manufactured iron.. . . . .	6,621,000	8,299,000
Iron products.. . . . .	13,016,000	15,035,000
Other metal goods.. . . . .	7,973,000	12,691,000
Machines.. . . . .	12,370,000	19,809,000
Jewellery and articles of precious metals.. . .	4,250,000	7,054,000

The greater part of the import into Hungary from the United States in 1913 was comprised of raw cotton of a value of \$3,141,000; copper of a value of \$1,825,600; agricultural machines valued at \$920,000; lubricating oil at \$752,800; phosphates at \$691,800; other machines and apparatus at \$506,000; binder twine at \$340,000; and leather goods at \$204,200.

Great Britain supplied Hungary before the war chiefly with woollen tissues of a value in 1913 of \$710,400; textile machines; steam engines, sewing machines; furs; steamships, etc. The importation from Germany comprised a large amount of machines and apparatus, iron and steel products, electrical apparatus, furs, leather goods, tools, books, motor cars, paper, musical instruments, woollen goods and the other products of German industry. The goods imported from the other countries mentioned also consisted of the typical products of the industries of these countries, such as jewellery, silks, wines and perfumes from France, and silks, watches and embroidered cotton goods from Switzerland.

#### IMPORT TRADE AFTER THE WAR.

The derangements to the trade and industry of Central Europe resulting from the war have been reflected in the import trade of Hungary since the armistice. The difficulties of securing raw material, the disorganization of industry generally, and the deficiency of transport, have prevented Austria and Germany from supplying Hungary with goods in the quantities which they shipped before and during the war. The industries of Czecho-Slovakia are rapidly becoming re-established on a peace basis and this country is beginning to supply Hungary with many of the manufactured articles required. Western European countries have commenced during the past year to take advantage of the opportunity resulting from the derangement of industry in Central Europe to introduce their products to the Hungarian market. The absence of exports and the exchange position prevent Hungary from paying cash for the large amount of supplies required. The Italians and later on British and French firms, however, have been shipping goods to Hungary for sale on consignment, or on a basis of credit. In this way a large amount of woollen and cotton textiles and footwear has been sent from Italy, and English woollens and other clothing articles, as well as certain French goods, have appeared on the market. While statistics of the importations since the overthrow of the Bolshevik regime are not available, it may be stated that the volume of trade has not been large, having been comprised only of products, such as clothing articles, urgently required for satisfying the necessities of life and raw materials, and semi-manufactured products needed for the reconstruction of the economic life of the country.

#### IMPORT REGULATIONS.

The Hungarian Government enforces import regulations with a view to prohibiting the importation of all goods not urgently required or which can be



produced within the country. An extensive list, appended to this report, has been compiled of the goods which can be imported into Hungary without restriction. For all other goods an import license must be obtained by the importer and this license is granted only upon proof that the goods in question are urgently required and cannot be obtained in Hungary.

## VII

### Openings for Canada

An examination of the list of goods which are permitted to be imported without a license reveals certain lines of products which Canada can supply, including, among others, agricultural machines and spare parts thereof; binder twine; locomotive and railway cars and supplies; tools of all kinds; wire and wire nails; bolts and nuts; electric carbons; heating installations; asbestos and asbestos goods; knitted woollen goods; clothing and underclothing; woollen piece-goods; socks and stockings and knitted goods of cotton; boots and shoes; leather, except glove, patent or lacquered; belting; rubber goods; brushes; paper; turpentine, linseed and other oils; chemical products, such as acetic acid, caustic soda, sal-ammoniac, glycerine, calcium carbide, superphosphates and other artificial fertilizers.

The list is therefore seen to be fairly extensive and covers most of the possible lines of export from Canada to Hungary. As previously explained the present position of the country does not permit Hungarian importers to pay cash for goods unless very urgently required and which cannot be obtained elsewhere on credit. Reliable importers expect facilities, under satisfactory bank guarantees, to help them tide over the present difficult period. Canadian exporters cannot expect to do business with the countries of Central and Eastern Europe under present conditions on the basis of terms cash f.o.b. Canadian point. Quotations c.i.f. Rotterdam or Trieste are at least desired by Hungarian importers. The gradual improvement of the exchange value of the crown and the development of export trade will result in a resumption of normal importations, when Hungarian firms will be in a better position to arrange for the financing of their business. In order that Canadian firms may then be in a position to take advantage of any business which may be offering for the supply of goods from North America, it may be of interest to briefly review the pre-war trade and present requirements in the lines above mentioned.

#### BINDER TWINE.

The total importation of binder twine into all the territories of former Hungary amounted in 1913 to 2,162 tons and in 1914 to 1,292 tons, of which 998 tons were supplied from the United States, 161 tons from Austria, 117 tons from Great Britain and 13 tons from Canada. The total value of the binder twine import in 1914 was \$271,425. The annual requirements of present-day Hungary will amount to between five and eight hundred tons and present an opening for Canadian trade.

#### ROLLING STOCK, TOOLS, ETC.

The Hungarian workshops were able to supply the bulk of the locomotives and rolling stock required in Hungary before the war. The present deficiency of railway facilities will, however, soon require the importation of additional rolling stock. Narrow-gauge locomotives and cars for the use of industrial establishments can be included among these requirements. Before the local manufacture of rolling stock can be recommenced on a large scale, raw materials and tools will have to be largely renewed by purchases from abroad. The same applies to the electrical works and other industrial plants in Hungary, as raw materials, machines, tools, etc., were mostly used during the war and subsequent disorders.

It may therefore be said that tools of all kinds for use both in connection with industrial and agricultural operations are at present required in Hungary. Spades, shovels, axes, saws, machine tools, files, rasps, etc., are included among these needs. Tools and other iron and steel products, such as wire, nails, bolts and nuts, etc., were formerly almost exclusively supplied by Germany, Austria, and Bohemia, but in certain lines Canadian products might have the possibility of competing in the future.

#### TEXTILES.

Textile goods comprised before the war the chief items of import into Hungary and the same holds good for the after-the-war trade. The total import of textiles into former Hungary in 1914 was valued at \$87,752,000, of which cotton goods accounted for \$45,376,000, woollens for \$27,028,800, clothing for \$18,647,400, silks for \$7,820,000, and linen for \$7,527,400. Among made-up articles knitted woollens were imported in the year in question for the value of \$2,338,900, men's clothing for \$4,419,000, women's clothing for \$3,505,600, and "lingerie" for \$4,698,000. Knitted woollen goods, socks and stockings and underwear offer possible openings for future Canadian trade. There is a great shortage of all kinds of clothing material and made-up articles in Hungary at the present time and high prices are being asked for available stocks. The local mills are hampered by difficulties in securing raw materials.

#### FOOTWEAR AND LEATHER.

Boots and shoes of leather were imported into former Hungary in 1914 to the value of \$10,176,600, of which Germany supplied \$1,380,000; Great Britain \$383,200, the United States \$174,000, and the remainder chiefly from Austria. In the same year Great Britain also supplied \$5,800 worth of rubber footwear out of a total import valued at \$244,600 mostly from Austria. There should be openings for Canada in the future in both of these lines. The import restrictions now confine importations of leather boots and shoes to those with lining consisting mainly of paper tissue. Leathers are also required for the Hungarian industry which imported before the war to the extent of about \$16,000,000 a year. Patent, lacquered and glove leathers are not now permitted to be imported. The leather imports in 1914 were valued at \$15,306,000, of which Austria supplied \$13,231,000, Germany \$1,550,000, and Great Britain \$300,000.

#### DRUGS AND CHEMICAL PRODUCTS.

The Hungarian market is at present almost entirely exhausted of drugs, medicinal preparations and chemical products. The Germans and Austrians formerly supplied the bulk of these lines and drugs are required prepared in accordance with the German pharmacopœia. Patent medicines and sanitary specialties might be supplied to some extent from Canada. There is, however, a good opening for Canadian firms in connection with the demand for the chemical lines set forth in the list appended to this report. Caustic soda required for the manufacture of soap, sulphate of copper for vine sprinkling, acetic acid, sal ammoniac, turpentine, glycerine, superphosphates, calcium carbide, etc., are included among the chemical products in demand in Hungary at the present time.

#### PAPER.

There is now a great shortage of paper in Hungary and newspapers are published on reduced sheets. The bulk of the paper mills of the former Austro-Hungarian Empire are now located within the boundaries of Czecho-Slovakia and Austria, and it may be expected that these countries will be able to supply Hungarian requirements as soon as industry and commerce can be re-established.

#### TRADE WITH HUNGARY.

The above survey briefly indicates some of the lines which might present possible openings for Canadian trade with Hungary. Firms desirous of further information relative to Hungarian requirements, or who wish to be put in touch with reliable

importers or responsible agents to represent their interests in Hungary, should write to the British Commercial Commissioner at Budapest. An institution for disseminating trade informations, which is worthy of mention, is the Hungarian Commercial Museum at Budapest. This museum is maintained by the state for the purpose of promoting Hungarian trade and supplying information to foreigners about business conditions in Hungary. Before the war the Hungarian Commercial Museum had branches in the Balkan States and correspondents throughout the world.

No report on trade with Hungary would be complete without a reference to the important part played by the Hungarian banks in the commerce of the country. During the sixty years preceding the war Budapest developed into an important independent financial centre and the banks of Budapest participated to a large extent in the financing of trade and industry throughout Hungary and the Balkan States. These banks are really large financial institutions with auxiliary trading and industrial interests. Through their subsidiaries they have directly participated in the commerce of the country. The only bank with the right of issue in Hungary was the Austro-Hungarian Bank. The affairs of this bank in Hungarian territory are being liquidated by an international commission, and it is proposed to later create a National Bank of Hungary to act as a central financial institution with the right of issue. The most important private Hungarian bank is the Commercial Bank of Pest, with extensive interests in Hungary and a controlling interest in the General Bank of Bulgaria and other institutions. Other large Hungarian banks include the Hungarian General Credit Bank, the Hungarian Discount and Exchange Bank, the Hungarian-Italian and British Hungarian Banks. The leading banks of Vienna, such as the Wiener Bank, Verein and the Anglo-Austrian Bank, have also maintained branches in Budapest and other centres in Hungary.

At the present time operations in foreign exchange are under Government control, so that importers wishing to purchase goods from abroad must first make the necessary arrangements for securing foreign exchange through the permission of the Ministry of Finance. Export from Hungary is also under Government control and exports are only permitted of articles not required in the country. The Government endeavours to mobilize all available foreign exchange for the most urgent requirements of the country.

#### LIST OF GOODS REQUIRED IN HUNGARY.

The attention of Canadian firms is directed to the list, given herewith, of some of the goods which may be imported into Hungary without an import license. These goods comprise the more important raw materials and semi-manufactured articles needed for the reconstruction of the economic life of the country and the manufactured articles required for satisfying the most urgent necessities of life:—

##### *Seeds—*

- Grass seed.
- Sugar beet seed and seed of fodder beet.

##### *Fats and Grease—*

- Fish oil and seal oil.
- Animal tallow for technical use.
- Vegetable tallow, palm oil, palm kernel oil, and cocoanut oil, sold for technical purposes.
- Vegetable wax.
- Stearic acid (stearine), palmitic acid (palmitine).
- Degras and oleic acid.
- Ceresine.
- Vaseline and lanoline.
- Axle grease.
- Fats and fatty mixtures, not specially mentioned in the Austro-Hungarian Tariff, for technical purposes.

##### *Fatty Oils—*

- Rape seed oil.
- Linseed oil and other fatty oils, not specially mentioned in the Austro-Hungarian Tariff, for technical purposes.
- Wood oil, ground nut oil and castor oil for technical use (denatured under the supervision of authorized customs authorities).
- Cotton seed oil for technical use.



LIST OF GOODS REQUIRED IN HUNGARY.—*Continued.*

*Wood, Coal and Peat—*

Firewood.  
Timber for building, etc., European.  
Charcoal, peat and peat charcoal, lignite and coal, coke.  
Chair cane, raw, not split.

*Materials for Turnery and Carving—*

Celluloid and other materials for turnery and carving, not specially mentioned in the Austro-Hungarian Customs Tariff, not manufactured.

*Minerals—*

Pyrites, raw.  
Pyrites, roasted, iron ore, manganese, and lead ore—even if worked.  
Gypsum, roasted.  
Mineral phosphate, china clay, asbestos, magnesite.

*Medicinal Wares and Perfumery—*

Camphor, raw and refined.  
Essential oils.

*Dyeing and Tanning Materials—*

Quebracho wood.  
Oak and pine tree bark.  
Other barks; also roots, leaves, buds, fruits, e.g. myrobalans, valonia, gall nuts, and the like.  
Chestnut wood extract, quebracho wood extract, and tanning extracts, not specially mentioned in the Austro-Hungarian Customs Tariff.

*Gums and Resins—*

Tar, except lignite and schist tar.  
Resin, common.  
Coopers', brewers', brush-makers', and rope-makers' pitch.  
Asphalt earth and stone, raw, even if ground.  
Asphalt bitumen.  
Asphalt mastic.  
Turpentine, turpentine oil, coal tar oils of the benzene series.  
Copal gum, shellac, gum arabic.

*Cotton—*

Cotton, raw, carded, dyed, bleached, milled; cotton waste.  
Cotton wool (except that intended for medicinal purposes); waste prepared for cleaning machinery.  
Cotton yarn.  
Cotton piece-goods.  
Velvet and tissues resembling velvet, and velvet ribbons.  
Ribbons.  
Passementerie and button makers' wares of cotton.  
Knitted ware and hosiery of cotton, linen, and other vegetable textile materials.  
Cotton articles used for technical purposes.

*Flax, Hemp, Jute, etc.—*

Flax, jute, and manila hemp, raw, steeped, broken, hackled, bleached, dyed; and waste thereof.  
Linen yarn.  
Jute yarn and sheaf binders.  
Linen piece-goods.  
Tissues of hemp, yarns, except tissue with admixture of paper materials.  
Tissues of jute (piece-goods).  
Technical articles of linen, hemp, jute, etc.

*Wool, etc.—*

Wool (sheeps') yarn.  
Woollen piece-goods.  
Passementerie and button-makers' wares of wool.  
Knitted wares and hosiery of wool.  
Felt and felt wares (except carpets).  
Articles for technical purposes, of wool.

*Silk and Silk Wares, etc.—*

Silk and silk yarn.  
Silk bolting cloth.  
Tissues of half silk.

*Made-up Articles—*

Hat shapes of felt.  
Hats of felt, for men and boys.  
Clothing and underclothing, not specially mentioned, except those of silk and other luxury goods.

*Brushmakers' Wares, etc.—*

Brushmakers' wares, common.  
Wooden sieves, finished.

LIST OF GOODS REQUIRED IN HUNGARY.—*Continued.**Paper and Paper Wares—*

- Paper-pulp.
- Pasteboard (cardboard), tarred cardboard, and carton-pierre.
- Paper, except paper for spinning.

*India-rubber, Gutta-percha, etc.—*

- India-rubber, gutta-percha, and wares thereof.

*Oilcloth and Wares thereof—*

- Tarpaulins and other covers of coarse materials chemically prepared in the tissue, or covered or impregnated with oil, tar, etc.

*Leather and Leather Wares—*

- Cow and horse hide, even if dressed (but not lacquered).
- Calf leather, except lacquered (patent) leather.
- Buck, goat, kid, sheep and lamb skins, prepared, except glove leather and lacquered (patent) leather.
- Boots and shoes of leather, with lining consisting mainly of paper tissue.
- Transmission belts and thongs of leather.

*Wooden Wares, etc.—*

- Timber and sawn wares, planed, grooved or tongued; wood for hoops, wood prepared for casks.
- Wooden pegs (wooden nails).
- Veneers.
- Wares of common wood (except furniture).
- Buttons of ivory nut and horn.
- Stoppers of cork.

*Glass and Glass Wares—*

- Hollow glass.
- Hollow glass, fine, except luxury goods and antiques.
- Bulbs for electric incandescent lamps.
- Mirror, sheet and plate glass, not specially mentioned in the Austro-Hungarian Customs Tariff, raw, coloured, unpolished, etc.
- Watch glasses and spectacle glasses, polished.

*Cement, Asbestos Wares—*

- Cement.
- Wares of asbestos.

*Earthenware—*

- Roofing tiles.
- Magnesite bricks.
- China, except plate, luxury wares and antiques.
- Earthenware not specially mentioned in the Austro-Hungarian Customs Tariff, except luxury goods and antiques.

*Iron and Iron Wares—*

- Pig-iron.
- Iron and steel in bars or rods.
- Sheets and plates, of iron.
- Iron and steel wire.
- Pipes and pipe joints of iron.
- Fastenings for rails.
- Tools of iron, all kinds.
- Nails and tacks; nuts and bolts, rivets.
- Chains and flat link chains (except forged chains).
- Wire ropes (iron).
- Sewing and other needles.
- Safety locks.
- Enamelled utensils.
- Horseshoes.

*Common Metals and Alloys thereof—*

- Common metals (other than iron and steel), unmanufactured.
- Soft solder and hard solder.
- Nails, tacks and screws, of copper and brass.

*Machinery, Apparatus, Instruments, etc.—*

- Distilling apparatus of steel.
- Locomotives and tenders, and portable engines.
- Agricultural machines and spare parts thereof.
- Machinery for textile industry.
- Sewing and knitting machines.
- Heating installations.
- Electric carbons.
- Goods' wagons and under frames for agricultural and industrial railways.
- Surgical and other instruments for medical purposes.
- Physical instruments.
- Measuring instruments for industrial use (measuring rods, angles, caliper compasses and hole gauges and the like).

LIST OF GOODS REQUIRED IN HUNGARY.— *Concluded.*

*Chemical Products—*

Sulphur, in lumps and sticks, and powdered and flowers of sulphur; phosphorus; metallic antimony (antimony regulus); quicksilver.  
 Caustic potash, caustic soda, solid; magnesia, calcined; artificial stannic oxyde; litharge in flakes and pieces; litharge, ground, in the form of powder, red lead; spirit of sal-amoniack; liquid ammonia; hydrochloric acid, nitric acid, pyroligneous acid, crude; sulphuric acid, not fuming; boracic acid, raw or refined; and citric acid.  
 Fertilizing salts, chloride of potassium, Chile salpetre, nitrate of sodium; borax, raw or refined; Glauber's salts (sulphate of soda); sulphate of potassium, bi-sulphate of soda; potash; soda; sodium carbonate; raw or crystallized; soda, calcined; silicate of sodium, liquid or solid; sulphate and hydrochlorate of ammonia (sal ammoniac); salpetre (nitrate of potassium), bicarbonate of potassium, and of sodium; chromate of potassium, and of sodium; chlorate of potassium and of sodium.  
 Spodium (bone charcoal); chloride of lime; gypsum (artificial sulphate of lime); calcium carbide.  
 Sulphate of copper; white lead; sugar of lead.  
 Sulphide of carbon.  
 Glycerine, crude or purified; coal tar oil; crude heavy.  
 Prepared blocks.  
 Bone glue.  
 Rice starch.  
 Phosphates treated with acids (superphosphates).  
 Acetic acid concentrated.  
 Ether, sulphuric.  
 Products of iodine and bromine; salicylic acid; alkaloids and alkaloid salts.

*Varnishes, etc.—*

Oil varnishes.  
 Tar dyes.  
 Ultramarine.

*Candles, Soap, etc.—*

Tallow candles.  
 Candles of stearine and paraffin.  
 Soap (except perfumed soap).  
 Wood matches.

*Literary and Artistic Articles—*

Books, music, periodicals.

*Waste—*

Bone dust; Thomas' slag; manufactured manures and other manures classified under this number.



## THE TRADE AND INDUSTRIES OF CZECHO-SLOVAKIA

### I

#### The Trade of Czecho-Slovakia.

Prague, July 31, 1920.—The new Republic of Czecho-Slovakia is one of the most self-supporting countries of Europe. It possesses many important manufacturing industries and is rich in coal and other minerals. It is estimated that about 80 per cent of the mines and industrial enterprises of the former Austro-Hungarian Empire are now located within the boundaries of the Czecho-Slovak Republic. The country has also abundant supplies of timber and extensive tracts of agricultural land. When production can be re-established on a normal basis Czecho-Slovakia should be independent of foreign countries for the bulk of its requirements of foodstuffs, except coffee, tea and other tropical products. The raw materials for the sugar, beer, spirit and glass industries are produced within the Republic, and there is also a sufficiency of coal and timber, but cotton, wool, iron and hides and a number of other raw materials for the manifold industries of the country have to be imported from abroad. These will comprise the great bulk of the future import trade of Czecho-Slovakia.

It is thus seen that the trade of Czecho-Slovakia is that of an industrial country importing chiefly raw materials and foodstuffs and exporting finished manufactured products. Before the war Canada imported many lines of goods manufactured in what is now Czecho-Slovakia, and most of the products known in Canada as "Austrian" originated in the territory comprising the new republic. An inquiry into the trade and industries of Czecho-Slovakia should be of interest to Canadian traders, not only because of the openings which may be presented for the sale of raw materials and foodstuffs to this market, but more especially because the products of Czecho-Slovakian industries will compete in future with Canadian goods in many of the world's markets, notably in Russia and the other countries of Eastern and Southern Europe.

There are a few lines of manufactured articles which are not produced in Czecho-Slovakia and which might possibly be exported to this country from Canada. These openings will be indicated in this report.

#### THE REPUBLIC OF CZECHO-SLOVAKIA.

The Republic of Czecho-Slovakia is comprised of the former Austrian Crown Lands of Bohemia, Moravia and Silesia and a large part of former Northern Hungary inhabited by Slovaks and Ruthenes and now known as Slovakia and Sub-Carpathian Russia. The Teschen district in Silesia has been the subject of dispute between the Czechs and Poles, but at the moment of writing a compromise settlement would appear probable whereby most of the coal mines in this territory will be given to Czecho-Slovakia. The total area of the new republic is approximately 54,803 square miles and the population, 13,824,504, distributed as follows among the main geographical divisions of the country:—

	Area Sq. miles	Population.
Bohemia . . . . .	20,610	6,769,548
Moravia . . . . .	8,490	2,622,271
Slovakia (including Sub-Carpathia) . . . . .	24,314	3,575,685
Silesia . . . . .	1,389	857,000
Total . . . . .	54,803	13,824,504



Map showing Central Position of Czecho-Slovakia.

The industrial centres are nearly all located in Bohemia, Moravia and Silesia, and this explains the greater relative density of the population of these provinces as compared with that of Slovakia.

#### THE HEART OF EUROPE.

The new demarkation of boundaries gives Czecho-Slovakia the most central position in Europe, and this is certain to exercise a considerable influence on the future trade and economic development of the Republic. On the north and west the country borders on Germany, on the south the boundary is contiguous with that of Austria and of Hungary, on the north-east with Poland, and for a short distance in the extreme east with Roumania. The Elbe river affords easy communication with Germany and the North Sea, the Danube with the countries of South-east Europe and the pass of the Oder river in Silesia gives an outlet to Poland and Russia. Czecho-Slovakia is therefore an industrial country, situated in the heart of Europe and surrounded on three sides by agricultural states. This gives the country a strategic position for the trade with the markets of Eastern and Southern Europe, which are large purchasers of manufactured goods.

#### GEOGRAPHICAL FEATURES.

The Province of Bohemia is a hilly, well-wooded territory, occupying the upper basin of the Elbe river. A large part of the land is suitable for agriculture. The boundary with the German states of Bavaria and Saxony follows mountain features, which are clearly defined although not of great altitude, so that the western and northern fringes of Bohemia are mountainous and heavily wooded. The river Elbe breaks through the mountain chain in north Bohemia and affords easy communication with Germany and the port of Hamburg.

Beyond the Moravia hills, to the east of Bohemia, lies the hilly province of Moravia, which resembles the former and is drained by the river March (Morava), a tributary of the Danube. Silesia lies to the north of Moravia and is fairly mountainous. The range of mountains is here broken by the well-known Moravian Gap, through which flows the river Oder, affording communication with Poland and Eastern Germany.

Slovakia is a long narrow province, extending east from the March river, and is comprised chiefly of the south slope of the main Carpathian mountain chain and foothill ranges extending south. Level plains are found only near the Danube, March and Theiss rivers, but the valleys and lower hills have a fertile soil. Agriculture and the timber industry are the chief occupations of the inhabitants of Slovakia. The Tatra mountains (8,500 feet) in northern Slovakia were the loftiest in the former Hungary.

The south-eastern boundary of Czecho-Slovakia with Roumania and Hungary crosses the foothill ranges of the Carpathians to the river Iplov, a tributary of the Danube. The latter river forms the southern boundary with Hungary for a considerable distance to the west of Bratislava (Pressburg), after which the river March divides Slovakia from Lower Austria. The southern boundary of Bohemia follows a range of hills dividing this province from Austria and the Danube basin. Bratislava (Pressburg) is the principal Czecho-Slovak port on the Danube river and affords the manufactured products of Bohemia and Moravia an outlet to the markets of South-east Europe.

#### RESOURCES.

Coal deposits and iron mines in conjunction with unrivalled transport facilities have combined to make Bohemia, Moravia and Silesia among the most industrial districts of Europe. Sugar, glass and textiles may be said to be the leading industries of these provinces, but the china, iron, machinery, notions, beer, timber, spirit, leather, paper and furniture industries are also of great importance. The growing of raw materials for the sugar, beer, and spirit industries forms the most important branch



of Bohemian and Moravian agriculture. In Slovakia cereals are the chief crops raised, but the other branches of agriculture and viticulture are also pursued. The mining of iron, graphite, salt, semi-precious stones and other minerals and the forest industry also contribute to the wealth of the country in Slovakia as well as in the other provinces. Water-power is extensively utilized in connection with the paper industry, notably on the Moldau and Elbe rivers in Bohemia and in Slovakia.

#### COAL.

Both soft and hard coal fields are found in Czecho-Slovakia. About 85 per cent of the former Austrian production of soft coal or lignite came from the Czecho-Slovakian fields. The principal producing districts are the Brux-Komotau-Teplitz and Falkenau regions in northern Bohemia. The latter accounted for about 90 per cent of all coal briquettes used in former Austria. Hard coal is produced in Bohemia at Kladno and near Pilsen, while there are one or two mines in the Falkenau region giving excellent hard coal. The chief hard coal fields are, however, in the disputed Teschen district of Silesia.

In 1912 the total output within the present boundaries of Czecho-Slovakia was approximately 22,190,000 tons of lignite and 13,669,000 tons of hard coal, of which about 7,000,000 tons were produced in the disputed Teschen district. According to the estimates of the Toronto International Congress of 1913, the coal reserves of Bohemia and Moravia are 9,076,000 tons and those of the Teschen district 13,670,000,000 tons, these estimates being based on a maximum mining depth of 2,000 metres. These figures explain the significance of the dispute between the Czechs and the Poles for the possession of the Teschen fields, since the total output in 1912 in Czecho-Slovakia, including the Teschen district, was only a little more than sufficient for the needs of the industries of Bohemia, Moravia and Silesia.

The present output of coal in Czecho-Slovakia shows a considerable falling off in comparison with pre-war years. In 1919 the production was approximately 16,980,000 tons of lignite and 10,405,000 tons of hard coal, or a total output of about 75 per cent of the normal production. The reasons for this decreased production are the abuse of the mines during the war, the shortage of rolling stock and diminished working capacity of the miners, owing to shorter hours, etc. Since Czecho-Slovakia is bound, in accordance with treaty obligations, to furnish a certain proportion (142,000 tons a month) of its total production to Austria, the shortage of coal has seriously handicapped the industries of the country.

#### OTHER MINERALS.

Iron mines are worked in Bohemia, Moravia and Slovakia, but the output is below the requirements of the industries of the country. Graphite is also mined in Moravia and is used in connection with the manufacture of pencils, which is an industry of importance. Bohemia produces semi-precious stones, e.g. garnets, which are utilized in jewellery manufacture. The mineral wealth of Slovakia has only been partly exploited. Gold and silver, copper and lead are found in the Carpathians, while rock salt is extracted in Eastern Slovakia and sub-Carpathian Russia. The oil-fields of Slovakia produce about 8,300 tons a year, while petroleum is also found in Moravia. These Czecho-Slovak fields have only recently begun to be exploited.

#### FOREST RESOURCES.

The forests are among the most valuable of the natural resources of Czecho-Slovakia. Before the war there was a considerable export of timber, pulp, paper and manufactured wood products. It is estimated that about 12,355,000 acres or 32 per cent of the entire area of Czecho-Slovakia is wooded. In Bohemia there are 3,753,838 acres of forests, in Moravia 1,557,874 acres, in Silesia 444,312 acres, in Slovakia

4,942,000 acres, and in sub-Carpathian Russia 1,630,860 acres. State property accounts for about 1,400,000 acres of the total forested area; nearly 8,000,000 acres are private owned, being mostly in large tracts; while over 3,000,000 acres belong to public and charitable institutions. Pine and fir forests cover about 78 per cent of the wooded area of Bohemia, Moravia and Silesia, while the remainder is comprised of deciduous trees and mixed forests. In Slovakia beech trees predominate, then come pine and fir, and lastly oak.

The annual normal production of timber from the entire forested area is estimated at about 565,024,000 cubic feet, almost equally divided between Slovakia and the western provinces. Reforestation is systematically practised on about three-fourths of the total area of forests. At present the total production is about 365,024,000 cubic feet, of which about 211,884,000 cubic feet consists of the firewood. The production of timber could be considerably increased. The timber is manufactured into building material, planks, railway sleepers, telegraph poles, mine props, pulp, etc., or exported in the form of logs. The surplus available, the regulation of export and the saw-milling and other wood industries, are dealt with further on in this report.

#### AGRICULTURE.

Agriculture is highly developed in Czecho-Slovakia and intensive farming is everywhere carried on. With a normal production the Republic should be self-supporting in respect of essential food supplies, while the farms also furnish the raw material for some of the most important industries of the country. In pre-war years the yield of wheat on the territory of Czecho-Slovakia was about 161,300,000 bushels. Last year's crop amounted to approximately 88,000,000 bushels. The domestic requirements of the country was estimated to exceed 110,000,000 bushels a year, so that at present there is a deficiency of over 20,000,000 bushels.

In Bohemia and Moravia the most important branch of agriculture is the raising of beets for sugar manufacture. In Slovakia also large estates are operated by the sugar companies for the growing of beets. The following table shows the estimated acreage under sugar beets this year (1920) in the different provinces:—

	Acres.
Bohemia.....	258,492
Moravia and Silesia.....	160,772
Slovakia.....	52,010
Total..	471,274

The total crop is estimated at from 5,000,000 to 5,500,000 tons of sugar beets.

The Eger valley in northwest Bohemia is celebrated for its hops, which are utilized for the making of Bohemian beer, Pilsener, Budweiser, etc., while large quantities of hops are also exported. Potatoes are grown to supply the spirit distilleries, but at present there is a shortage necessitating the import of potatoes from Germany. Fodder crops are grown in Czecho-Slovakia, as stock-raising forms an important branch of the intensive farming which is practised. About a third of the agricultural land was formerly in the possession of the large land-owners and the remainder was comprised of small holdings. A measure of land reform has been introduced whereby all estates of over 370 acres of arable or 617 acres of land in general are expropriated for distribution among the small proprietors. In this way about 7,400,000 acres of land have been expropriated.

#### FISH.

Pisciculture is extensively practised in Bohemia, Moravia and Silesia, and the resulting catch of fish forms an important contribution to the domestic food supply. About 110,000 acres of ponds are used for this purpose and the yield before the war amounted to about 5,000,000 pounds of carp, pike, perch and other fish a year. In



Slovakia the rivers yield fairly large quantities of fish and pisciculture is unnecessary. The total length of the fish-bearing streams in Czecho-Slovakia is over 13,000 miles. A considerable quantity of carp was formerly exported from Bohemia to Germany.

#### TRANSPORT FACILITIES.

After natural resources, the most important factor in the economic development of Czecho-Slovakia has been the unrivalled transport facilities. First consideration should be given to the navigable waterways of the Elbe and Danube river systems, which exercise the greatest influence on foreign commerce. The bulk of the trade between Czecho-Slovakia and the countries of Western Europe and North America passes through the German port of Hamburg. The latter is directly connected with Prague by the Elbe river and its tributary, the Moldau, and both import and export goods are transported by barges by this route. The Danube enables merchandise to be shipped by barge or steamer from Bratislava (Pressburg) to the Black Sea, a distance of over 1,000 miles, thus affording Czecho-Slovakia communication with the countries of Austria, Hungary, Jugo-Slavia, Bulgaria, Roumania, Turkey and Southern Russia.

Czecho-Slovakia is well supplied with railway facilities, but as the lines formerly comprised part of the Austrian or Hungarian systems which converged on Vienna or Budapest, it will be some years before the Czecho-Slovak railways can be consolidated in accordance with the traffic requirements resulting from the new delimitations of boundaries. The total mileage of the railways of Czecho-Slovakia is 8,658, of which 4,364 miles are in Bohemia, 2,500 miles in Slovakia, and 1,794 miles in Moravia and Silesia. Nearly all the important lines are under the management of the Czecho-Slovak State Railways, the system of which extends over all parts of the country. The lines under private management are 1,008 miles in length, while 78 miles of line are operated by foreign railroad systems. The most important private lines are the Aussig-Teplitz and the Bustehrad railroads, both of which are in Bohemia, and the Kosice and Bohumin railroad, which connects Teschen in Silesia with Slovakia.

#### TRADE ROUTES.

A variety of trade routes are available for the shipment of goods to and from Czecho-Slovakia. The route already referred to via Hamburg and the Elbe river is the most practical for shipments from Canada. The Czecho-Slovak Government have been granted special warehouse facilities in the Free Port of Hamburg and goods destined to Czecho-Slovakia may be shipped through the Czecho-Slovak commercial commission at Hamburg, which supervises trans-shipments. From Hamburg merchandise for Prague direct is transported chiefly by barges of 750 tons capacity, while as far as the Czecho-Slovak frontier barges of 1,000 tons capacity may be utilized. The average time for freight transportation up the Elbe from Hamburg to Prague is about four weeks, the barges being towed by steam tugs. In the reverse direction export shipments may be transported to Hamburg in three weeks.

The water route by the Elbe to and from Prague has been found to be 40 per cent cheaper than rail transportation. Moreover, while there has been a great shortage of railway cars, there is a sufficiency of barges and tugs on the river. The bulk of the freight traffic to and from Czecho-Slovakia since the Armistice has therefore been transported by the river Elbe.

Goods destined for Czecho-Slovakian points may also be shipped to other continental ports and thence by rail. One of the quickest routes for the despatch of merchandise to Czecho-Slovakia is via Trieste, the port on the Adriatic now belonging to Italy. The disorganization of the railway services in Austria owing to the coal shortage has restricted the use to which Trieste can be availed for traffic to and from Czecho-Slovakia. Recently the Italian Government, with a view to developing Trieste as a shipping centre, have agreed to favour the Southern Railway, which runs from



Vienna to Trieste, with coal and freight cars, and will grant special facilities to central European countries desirous of making use of the port of Trieste. In the future this port is bound to be an important factor in the trade of Czecho-Slovakia, particularly in regard to imports for points in Moravia and Slovakia and exports to Mediterranean and Far Eastern countries.

The chief routes from French ports to Czecho-Slovakia are through Strassburg and Bavaria and through Basel, Switzerland, and Bavaria. The route through Switzerland and the Austrian Tyrol is also a possible one, but at present is disorganized owing to the shortage of coal in Austria. A relatively cheap route for shipping to Czecho-Slovakia is through the Dutch port of Rotterdam, thence up the Rhine to Frankfort, Germany, from whence shipment may be made by rail to points in Western Czecho-Slovakia, or if the goods are destined for points in Slovakia they may be trans-shipped to the Danube and thence transported by barge or steamer to Bratislava (Pressburg).

#### THE PORT OF BRATISLAVA.

Bratislava, which was formerly known as Pressburg or in Hungarian as Pozsony, is the largest city in Slovakia, having a pre-war population estimated at 78,000. It was an ancient capital of Hungary. Bratislava is now the principal Czecho-Slovak port on the river Danube and is considered by the Czechs as a gateway to the East. Great efforts are being made to develop the shipping facilities of the port in order to take care of the traffic between Bohemia and Moravia and Southeast Europe, which formerly mostly passed through Vienna. Work on the improvement of these facilities has already commenced, and it is hoped to increase the freight-handling capacity of the port from 30,000 tons a year to 3,000,000 tons. It is also planned to create a new port to the east of the town, which will be equipped with large warehouses and up-to-date facilities for the handling of 6,000,000 tons of merchandise a year, thus bringing the total freight capacity of the port of Bratislava up to 9,000,000 tons a year. New railway lines will also require to be constructed, for at present Bratislava is connected with western Czecho-Slovakia by only a single line through Brunn, whereas several railway lines from Bohemia and Moravia converge on Vienna. The realization of the above plans will take several years. On the other hand the importance of Bratislava as a shipping centre is bound to increase, since this port will in future serve not only as a gateway for the import of raw materials and foodstuffs, but will also provide the manufactured products of Czecho-Slovakia with an outlet to the markets of Southeast Europe.

## II.

### Progress Since the Armistice.

The preceding review of the natural resources, geographical situation and transport facilities of Czecho-Slovakia will serve to indicate the important rôle which the Republic will play in the economic readjustment and trade of the New Europe. It is therefore of interest to inquire into the progress which has been made by the Czecho-Slovaks in consolidating their country since its independence and in re-establishing their industries upon a peace footing.

#### THE CZECHO-SLOVAKS.

The majority of the inhabitants of Czecho-Slovakia belong to the Slav race. The Czechs and the Slovaks were included among the migration of Slav races, who in the early centuries of the Christian era crossed the Carpathians from the Russian steppes in search of warmer climates and owing to the pressure of Mongol hordes

coming from the East. It is certain that the Czechs established themselves as early as the eighth century in what is now Bohemia, Moravia and Silesia, where they have maintained themselves in a compact block ever since. For a long period Bohemia was an independent kingdom with varying fortunes, the boundaries at one time extending from the Adriatic to the Baltic. In the fifteenth century a series of bitter



Na Prikopy, the Main Street of Prague.

religious wars commenced, which culminated in 1620 in the defeat of the Bohemians, who had espoused the Protestant cause. The Czechs thus became completely under Austrian domination, from which they were at length freed by the Revolution of October, 1918.

The Slovaks are closely allied to the Czechs and there are only minor differences in the dialects spoken by these two branches of the Slav race. There are, however, important fundamental differences in character, which arise probably from different historical development. The Czechs are an aggressive, energetic and efficient race, while the Slovaks are a peaceful agricultural people with more of the true Slav characteristics than have the Czechs. The Slovaks first settled on the plains of Hungary, but with the coming of the Magyars they retired to the foothill valleys of the Carpathians. They have, therefore, been more under Magyar domination rather than under German, to which the Czechs have been subjected.

The Czechs and Slovaks availed themselves of the opportunity presented by the Great War to achieve their independence, and the movement which had been growing throughout the war finally culminated in the revolution of October 28, 1918, when the formation of Czecho-Slovakia as an independent state was proclaimed.

In the extreme east of Slovakia, in the territory known as sub-Carpathian Russia, there dwell Ruthenians or Little Russians, also of Slav race. These people were incorporated into the new state largely at their wish.



## NON-SLAV MINORITY.

The principal non-Slav elements in the population of Czecho-Slovakia are the Germans, Hungarians or Magyars and the Jews. The Germans form a fairly compact fringe around the Czechs, being chiefly settled in the districts near the German border in western and northern Bohemia and Silesia. There are also scattered colonies of Germans throughout Bohemia and Moravia and in the principal towns. The Magyars are found in the towns and on the large estates in Slovakia and along the boundary with Hungary. The Jews comprise a part of the population of nearly all the important towns.

The following table shows the estimated number of the various races comprising the population of Czecho-Slovakia according to the Austro-Hungarian census of 1910:—

Czechs.. . . . .	6,299,237	Ruthenians.. . . . .	437,772
Slovaks.. . . . .	1,702,064	Jews.. . . . .	145,515
Germans.. . . . .	3,778,729	Poles.. . . . .	278,689
Magyars .. . . . .	1,084,447		

It is probable that these figures overestimate the German and Magyar elements in the population. The Czechs claim that the non-Slav minority number altogether about three millions. These national minorities are guaranteed full linguistic and civil rights, while the Ruthenians living in northeastern Slovakia will enjoy a certain measure of local autonomy.

## GOVERNMENT.

Shortly after the formation of Czecho-Slovakia as an independent state, the leading political parties co-operated to form a national assembly, which elected Professor Masaryk the first President, appointed a coalition government and drew up a provisional constitution. The executive power is vested in a president and a cabinet responsible to a national assembly or parliament. The present government represents a coalition of the leading socialist parties, although several ministers hold office by reason of their special qualifications rather than for their political views. The Czecho-Slovaks are a serious-minded and efficient people and these qualities have enabled them to accomplish in a relatively short period the political consolidation of their state. They may be said to be among the most truly democratic nations of Europe; and this results largely from the absence of an aristocracy of Czech nationality, as well as from the inherent passion of the Slavs for equality. With regard to trade and industry the Czecho-Slovaks have also accomplished a great deal in the past year and a half towards reconstructing the economic fabric of their country.

## ECONOMIC CONSOLIDATION.

The formation of Czecho-Slovakia as an independent state found the trade and industries confronted with very great difficulties. The break-up of the Austro-Hungarian Empire brought about a serious financial and currency crisis. The transport services were disorganized, and as a result of over four years of war and blockade the industries of the country were paralyzed for lack of raw materials. Decreased agricultural production owing to lack of fertilizers and other reasons had, moreover, caused a severe food shortage. The low exchange value of the crown prevented the country from importing necessary supplies of raw materials and foodstuffs. The first problem confronting the Government was therefore the unification of the currency and the stabilization of the financial position of the country.

## UNIFICATION OF THE CURRENCY.

The first step towards the reform of the currency was the stamping of the notes of the Austro-Hungarian bank circulating in Czecho-Slovakian territory to a total amount of 9,500,000,000 crowns. The stamping of the notes was undertaken during



the spring of 1919 in accordance with the provisions of the Peace Treaties. A total of 1,500,000,000 crowns of notes were withdrawn from circulation by means of a compulsory loan in connection with the stamping. A few months later the substitution of new Czecho-Slovak notes for the old Austro-Hungarian bank notes was commenced and new 100 and 5,000-crown notes were put into circulation. These were followed by new 1 and 2-crown notes and later 1,000-crown notes printed in the United States were introduced into circulation and the corresponding old notes withdrawn. In this manner the unification of the currency with notes printed on good paper is being achieved and new notes of other denominations will be circulated as soon as technical difficulties can be overcome. A Czecho-Slovak bank of issue is to be formed with an initial capital of 75,000,000 gold francs, half of the stock to belong to the state. A law has been passed which forbids the issue of any new bank-



An Industrial Suburb of Prague.

notes without corresponding security. Czecho-Slovakia may therefore be said to have gone a long way towards solving the currency problems, which have been common to all the states composing the former Austro-Hungarian Empire.

#### FINANCIAL POSITION OF THE STATE.

The budget for 1920 as submitted to the National Assembly enables a study to be made of the financial position of the Republic of Czecho-Slovakia after its existence for more than a year as a separate state. The Ministry of Finance has estimated the national wealth of Czecho-Slovakia at approximately 200,000,000,000 crowns. (Par value of the crown equal to 20.26 cents, present value about 2 cents.) Against this there must be offset a debt abroad amounting to 3,500,000,000 gold francs and an internal debt, which at the end of 1920 should amount to nearly 23,000,000,000 crowns.

The debts of the Republic abroad are made up as follows: 310,000,000 francs owing to France, being the expenses incurred by the Czecho-Slovak army in France and Siberia; 180,000,000 francs to Italy for army expenses in Italy, and 26,000,000 francs for the purchase of raw materials; approximately 650,000,000 francs to the United States, and 15,000,000 to Great Britain for expenses incurred by the purchase of food and other relief supplies; 1,200,000,000 francs is the share of the pre-war

debt of Austro-Hungary located in allied countries and which has been assumed by Czecho-Slovakia; while 750,000,000 francs are the contributions of the Republic of Czecho-Slovakia to the Allies in the conduct of the war, and known as the "Liberation Tax."

The internal debt at the end of the year 1919 amounted to a total of over 19,000,000,000 Czecho-Slovak crowns comprised as follows: 4,800,000,000 crowns of the old Austro-Hungarian bonds, which have become a liability of the Republic of Czecho-Slovakia; bank notes of the Austro-Hungarian bank amounting to 8,000,000,000 crowns; Liberty Loan of the Republic, 2,000,000,000 crowns; second loan, 1,000,000,000 crowns; loan from Czecho-Slovak banks, 1,800,000,000 crowns; and 1,500,000,000 crowns for compulsory loan in connection with the stamping of bank notes. In addition to the above debts there are the war loans of the Austro-Hungarian Empire held in Czecho-Slovakia to the extent of about 8,000,000,000 crowns (Austrian). Although not bound to recognize these debts, the Czecho-Slovak Government, in order to prevent a financial crisis, has agreed in principle to the assumption of that portion of the war debt held in its territory at a percentage representing the difference in the values between Austrian and Czecho-Slovak crowns. At the present rate of exchange (3 to 1) this would mean that the total value of the war debt assumed by Czecho-Slovakia would amount approximately to 2,600,000,000 Czecho-Slovak crowns.

The year 1919 showed a budget deficit of 4,905,500,000 crowns. The preliminary estimates for 1920 gave a deficit of 2,665,405,147 crowns, but the Minister of Finance has recently announced that with the imposition of new taxes and increase of revenue from railways and posts and telegraphs, the budget for 1920 will balance with approximately 14,000,000,000 crowns on each side. A law has also been passed for what practically amounts to a levy on capital and which is expected to yield 12,000,000,000 crowns, which will be used for reducing the internal indebtedness.

#### IMPROVEMENT OF RAILWAY SERVICES.

The deficiency of transport facilities has been a serious handicap to the economic reconstruction of Czecho-Slovakia. There has been a shortage of locomotives and cars for the use of the Czecho-Slovak railways. Although a great improvement has been effected in the past year and a half, there is still a need for more rolling stock. At present there are about 3,500 locomotives in the country, while the normal traffic requirements call for about 4,500. The number of passenger, mail and service cars in Czecho-Slovakia is estimated at 8,500 and the number of freight cars at 65,000, whereas a total of 140,000 passenger and freight cars is considered necessary for normal requirements. It is therefore considered necessary to increase within the shortest possible period the existing rolling stock by about 1,050 locomotives and 50,000 cars in order to secure the minimum number required for the efficient operation of the railways. The capacity of the shops in Czecho-Slovakia is said to be about 188 locomotives and 14,000 cars a year. Although the placing of further orders abroad for rolling stock is not considered likely, negotiations having this end in view have been reported with British and United States financiers.

Besides the deficiency of rolling stock the trade and industry of Czecho-Slovakia is hampered by the incompleteness of the railway system, which results from the new delimitation of boundaries. Czecho-Slovakia is a long narrow country, and the commercial policy of the Republic is to develop trade west and east. On the other hand the railways formerly comprised part of the Austrian or Hungarian systems and the main lines extended north to south in the direction of Vienna or Budapest. With a view to remedying these defects and to consolidating the railway system of the Republic, the Government has drawn up a five-year programme and the National Assembly has appropriated 6,481,050,000 crowns for this purpose. The programme includes the construction of 347 miles of new lines; the remodelling and re-equipping of shops, yards and stations; maintenance of right-of-way; repair



and increase of rolling stock as indicated above, and the double tracking of certain important lines. The new lines to be constructed will be principally to provide a better connection between Slovakia and the western provinces. The Government hopes to receive financial assistance from foreign capitalists for the execution of these plans. The operation of the railways during 1919 showed a deficit amounting to 273,187,476 crowns, but this year, owing to the increased freight rates, a surplus is anticipated. The increased working efficiency of the railways as a result of the above improvements should bring about a corresponding increase in revenue every year.

#### RAW MATERIALS FOR INDUSTRIES.

Many of the principal industries of Czecho-Slovakia were practically paralysed at the end of the war for lack of raw material. The textile and leather factories were mostly compelled to shut down, owing to the extreme shortage of supplies of cotton, wool, flax and hides. The soda shortage seriously affected the glass, chemical and other industries. Even those factories which worked on domestic supplies of raw material, such as sugar beets, etc., were unable to produce on a normal basis on account of decreased supplies of raw material, shortage of coal, and the deficiency of transport facilities. The financial position of the country rendered very difficult the purchase from abroad of the necessary supplies of raw materials. The re-establishment of the industries of Czecho-Slovakia therefore depended largely upon Government control and assistance.

#### COTTON PURCHASES.

The greatest need was for raw cotton, of which there was an absolute lack in the country. Normally the mills of Czecho-Slovakia require about 600,000 bales of raw cotton a year, but it was estimated that about 125,000 bales would be necessary to put the cotton industry again in working state. The Czecho-Slovak cotton syndicate was formed by the Government in June, 1919. The first consignment of 28,069 bales of cotton commenced to be delivered in July. This was purchased from the United States on credit arranged by the Czecho-Slovak banks and the total amount, \$6,700,000, was paid in January, 1920. The next consignment of 10,000 bales was paid for with sugar. Up to May, 1920, a total of 125,000 bales had been ordered mostly on credit from eight months to a year. Payment is guaranteed by the cotton syndicate and a further guarantee is given by the leading Czecho-Slovak banks and the Government. The banks require that 50 per cent of the finished cotton product should go towards paying for the raw cotton. About 10,000,000 pounds of raw cotton have also been furnished from Switzerland, Italy and other countries, to be paid for with either yarn or finished goods produced from the raw cotton.

With the receipt of these supplies the cotton industry has been operating at about 20 per cent of the total capacity. It is hoped to secure about 500,000 bales of cotton during the next twelve months, which with increased output of coal will enable a normal production to be once more obtained. The announcement was recently made that an American concern had granted credit for the purchase of 300,000 bales of cotton.

#### WOOL AND FLAX.

The woollen industry was in a more favourable position at the end of the war as regards raw materials, there being fairly considerable stocks of wool and rags in the country. These stocks were taken over by the Woollen Syndicate and about 7,480,000 pounds of wool, 1,760,000 pounds of combed yarn and 8,800,000 pounds of rags, were distributed among the mills, enabling 15 per cent of capacity production to be maintained during 1919. Credits for the purchase of wool were also accorded towards the end of the year by foreign firms. The woollen mills have now commenced to export cloth, felt and clothing on a fairly considerable scale, and as the funds



secured from the sale of these goods assure continued supplies of raw materials, production should increase and when a normal coal output is attained the industry should be able to operate at capacity.

During 1919 the linen industry was operating at less than 20 per cent of capacity, but with a crop of 12,760,000 pounds of flax for distribution this year the outlook is favourable and linen goods have commenced to be exported from Czecho-Slovakia. Arrangements have also been made for a shipment of flax from Germany.

#### OTHER RAW MATERIALS AND COAL.

After the textile industry the leather factories have been the most seriously affected by the shortage of raw materials. The leather industry depends upon the American hide market, while the glove industry has been restricted owing to difficulties of securing supplies of lamb skins. The other industries of Czecho-Slovakia are dependent chiefly upon domestic supplies of raw material. The glass industry has recently been able to resume production on a large scale as a result of a convention with Austria, whereby the latter undertakes to supply soda in exchange for coal. All of the Czecho-Slovak industries have been restricted by the falling off in the output of coal as compared with pre-war years. The 1919 production was only about 75 per cent of the normal as mentioned in a preceding section of this report. Lately there has been a great improvement in the coal position. The stimulation of coal production will have a beneficial effect on all industries, making possible a return to production on a pre-war basis and a surplus available for export.

#### DECREASED AGRICULTURAL PRODUCTION.

The difficulty of obtaining artificial fertilizers and the shortage of farm labour caused a decrease in the production of agricultural products during the war. Czecho-Slovakia has therefore had to import large supplies of foodstuffs, although normally the country should be self-supporting in respect of essential food supplies. The sugar industry has also been restricted by the diminished crops of sugar beets. The imports of foodstuffs from abroad have included wheat, flour, bacon, fats, meat, condensed milk and canned meats, vegetables and fruits. Large quantities were purchased under credits accorded by the United States and Great Britain. The food supplies received from the former country in this way amount to a total value of \$57,744,750, while foodstuffs were also comprised among the \$10,000,000 worth of supplies obtained from the American Liquidation Commission. Great Britain accorded Czecho-Slovakia a credit of £304,116 for the purchase of relief supplies, including foodstuffs. Lately supplies of wheat and flour have been purchased against sugar by the government Ministry of Food Supplies. The shortage for the coming year is expected to be from fifteen to twenty million bushels of wheat or the equivalent in flour. The United States has sent 25,000 tons of flour to Czecho-Slovakia. The Government will confiscate at fixed prices the entire domestic crop of grain, leguminous vegetables and oleaginous seeds, including what is left over from the previous crop. Confiscation extends to foreign supplies as soon as they cross the boundary. The supplies thus confiscated will be distributed by the state Grain Board. Food rations are in force in Czecho-Slovakia and the regulations apply also to sugar in order to have as large a surplus as possible for bartering against imported supplies of wheat and flour and other foodstuffs.

Owing to the large number of live stock killed in Czecho-Slovakia during the war, there is a shortage of meat and milk products requiring importations from abroad. Condensed milk has been sent from Switzerland, and meat products from the United States. There is a good opening for Canadian firms to supply the Czecho-Slovak Ministry of Food Supplies with wheat, flour, bacon, meat and canned foodstuffs, except canned fish, against sugar or other Czecho-Slovak products.

## III

## Present Trade Position

Czecho-Slovakian trade with foreign countries is at present undergoing a crisis and the future position is uncertain. This situation results largely from the fluctuations in the exchange value of the crown and the decreased demand in the world's markets for the principal products of Czecho-Slovak industries. During the latter part of the year 1919 the exchange value of the Czecho-Slovak crown depreciated until it reached 300 to the pound sterling. At the same time the export trade of Czecho-Slovakia was rapidly increasing, especially with the countries of Western Europe and North America. Such typical products of Czech industry as Gablonz novelties and jewellery, glassware, china, bent-wood furniture, leather gloves, linen and cotton goods, laces, hair nets, embroideries, toys, and sodium cyanide made their reappearance on these markets, while sugar and sugar-beet seeds, hops, and timber were also exported. The Government controls all export from Czecho-Slovakia and export licenses are required. Special taxes are levied on exportable products in accordance with the conditions prevailing on the world's markets.

During the first half of the year 1920 a reaction set in and the exchange value of the Czecho-Slovak crown improved to about 175 to the pound sterling. This improvement in the exchange rate has reacted considerably on the demand abroad for Czecho-Slovak products, and there has been a decline in the export of many of the principal lines shipped. The Government has consequently been compelled to revise the export taxes, which in many cases were found to be too high in view of the improved exchange value of the crown. Thus it has been necessary to decrease the export tax on timber from 20 to as low as 5 per cent and other revisions have been made accordingly. This situation, however, must be regarded as transitory, and in a short time matters will adjust themselves, when the export trade of Czecho-Slovakia will again attain the proportions it enjoyed before the war.

## AVAILABLE EXPORTS.

The only products which can be exported from Czecho-Slovakia in large quantities at the present time are sugar and timber. The other lines mentioned above are also being exported, but the volume of business is restricted for the time being by the improved rate of exchange, the export taxes and other factors. Dr. Heidler, the head of the Czecho-Slovak Sugar Commission, recently stated that present prospects would point to a production of about 800,000 tons of raw sugar as compared with 500,000 tons for 1919. This should leave a surplus available for export of about 400,000 tons. The increased production is due to greater acreage sown to sugar beets and the possibility of again fertilizing the soil with saltpetre and superphosphates. The lack of these artificial fertilizers greatly restricted agricultural production during the war. During the year 1919 Czecho-Slovakia exported a total of 282,899 tons of sugar, of which over one half went to Austria and 55,000 tons to France, the rest mostly to Germany, Jugo-Slavia and Norway.

With regard to timber it is estimated that the total quantity of planks and deals which can be exported from Czecho-Slovakia during the current year is approximately 105,942,000 cubic feet. Germany naturally offers the best market for Czecho-Slovakian timber, and the river Elbe affords excellent transport facilities.

## EXPORT TAXES.

The taxes on exportable products are fixed from time to time by the commission regulating foreign commerce, on which are represented the various industrial and trade syndicates. These taxes are generally payable upon receipt of an export license.



The taxes often vary in accordance with the country to which the goods are shipped and are higher in the case of countries whose currency stands nearer par than that of Czecho-Slovakia. In other cases minimum export prices are fixed with the object of protecting the local market and preventing foreigners from profiting to too great an extent from the low value of the crown. The export taxes are changed from time to time in accordance with the conditions of supply and demand abroad for the goods



Gablonz, Czecho-Slovakia.

in question, but as the prices quoted by exporters in Czecho-Slovakia include the taxes, foreign importers are only indirectly concerned with these regulations.

EXPORT WOOD PRICES.

Canadian firms will no doubt be interested in the minimum prices given below, which were fixed by the Czecho-Slovak Wood Commission on June 18, 1920, and cover the prices of timber for home supply and export. This affords an indication of the manner in which export from Czecho-Slovakia is regulated at the present time.

Home Supply Prices.

	Per cubic meter.
Soft logs (pine and fir) ex forest, according to diameter (10-45 c.m.) and including working expenses at 66 crowns per cubic meter. . . . .	Crowns 110-170
Unsorted deals and planks at the sawmills and including working expenses at 68 crowns per cubic meter and average freight to mill at 70 crowns. . . . .	Crowns 525
Where the working expenses are higher or lower, the difference may be taken into consideration.	

Minimum Export Prices.

To Austria—		
Soft deals and planks, ex truck Czecho-Slovakia railway station, for cash. . . . .	Crowns	850
Same for compensation goods. . . . .	"	800
To Belgium—		
Soft deals and planks, ex truck railway station in Bohemia, Moravia or Silesia. . . . .	Belgian francs	230
Same from Slovakia. . . . .	"	210
To England—		
Bastings, length 6-10m, ex truck railway station in Bohemia, Moravia or Silesia. . . . .	£	5 0 0
Same from Slovakia. . . . .	"	4 10 0



*Minimum Export Prices.—Concluded.*

	Per cubic meter.
To France—	
Soft deals and planks, ex truck railway station in Bohemia, Moravia or Silesia.....French francs	235
Same from Slovakia.....“	215
To Germany—	
Soft logs from frontier districts (transport on wheels).....Mk.	350
Same (transport by river).....“	400
Soft deals and planks.....“	700
To Holland—	
Soft deals and planks, ex truck railway station in Bohemia, Moravia or Silesia.....Dutch florin	45
Same from Slovakia.....“	42
To Hungary—	
Soft deals and planks, only ex Slovakian saw-mills near frontier for cash..Crowns	650
Same for compensation goods.....“	600
10,000 kg. hard firewood for compensation goods or sound currency.....“	2,800
Same, soft.....“	2,600
To Italy—	
Soft deals and planks, ex truck Czecho-Slovak railway station.....Lire	270
To Switzerland—	
Soft deals and planks, ex truck railway station in Bohemia, Moravia or Silesia.....Swiss francs	90

## EXPORTS TO NORTH AMERICA.

There has been a fair amount of export from Czecho-Slovakia to Canada and the United States since the armistice. Of the articles sent to Canada the most important have been the variety of goods manufactured in the Gablonz (Jablonec) district of Northern Bohemia, and which include many kinds of jewellery and novelties, glass beads, buttons, clasps, etc. It is estimated that the recent shipments of these goods to North America have exceeded the value of 6,000,000 crowns a month. At the present rate of exchange this would be the equivalent of about \$120,000. Other lines being exported to Canada are bent-wood furniture, glassware, hair nets, leather gloves, embroideries, laces, linen goods, hops and toys. The first shipments of sugar from Czecho-Slovakia to the United States, amounting to a total of 7,000 tons, have recently been arranged for. There has also been a shipment of several million crowns worth of sodium cyanide to the United States.

## EXPORT TO EASTERN COUNTRIES.

Czecho-Slovakia has commenced to do business with the countries of Eastern and Southern Europe, which offer openings for the sale of manufactured products. It is with these countries and with Russia that the Czecho-Slovaks are most anxious to develop trade relations, since they can supply many of the raw materials and foodstuffs which Czecho-Slovakia needs in exchange for manufactured goods. Ploughs and other agricultural implements have recently been supplied to Roumania in exchange for corn and grain. A contract has also been concluded for repairing locomotives for Roumania and the delivery of eighty new locomotives in three years' time. Agricultural and other machinery, sugar, glassware and other lines have also been exchanged with Bulgaria against tobacco and other raw materials. There has also been an economic approachment between Jugo-Slavia and Czecho-Slovakia. The mills of the latter country are preparing to supply the Hungarian textile market. It is naturally with Austria that Czecho-Slovakia is transacting the greatest volume of trade at the present time. An important agreement has been entered into with Germany, inaugurating close commercial relations with that country. An exchange of German chemicals, dyestuffs and other goods for Czecho-Slovakian timber is also being arranged. These trade developments are the natural result of the geographical situation of Czecho-Slovakia. The restoration of normal conditions of production and exchange in the countries of Eastern and Southern Europe will react favourably upon the export trade of Czecho-Slovakia, resulting in the resumption of pre-war industrial output.

## IV

**Principal Trade Channels.**

The trade with Czecho-Slovakia requires a certain knowledge of the principal factors governing the distribution and financing of imports and the channels through which business is conducted in this country at the present time.

**INDUSTRIAL SYNDICATES.**

The most important organizations for the importation of raw materials are the syndicates into which the principal industries have been organized by the Government. The industrial enterprises and traders in the various branches of trade were compelled to join the syndicates of the particular industry to which they belonged. The Government is represented on the board of directors of each syndicate. The syndicate has full control over the importation and distribution of raw materials and examines all applications for import and export licenses relating to its particular industry. As a typical example of the organization of the syndicates, there may be mentioned the Cotton Syndicate, which is comprised of all the Czecho-Slovak spinners, each member having furnished capital in accordance with the number of spindles operating. The total capital is 45,000,000 crowns, of which one-third has been paid up. This syndicate is the only agency authorized to make purchases of cotton, but the sanction of the Ministry of Finance is necessary for each purchase. Other syndicates have been formed for the metal, chemical, paper, glass, timber, sugar, beer, spirit, hops, fats, enamelled ware, mother-of-pearl, woollen and linen trades. The following are the addresses of the Czecho-Slovak syndicates likely to be of interest to Canadian exporters of raw materials, machinery, or other supplies:—

Syndicate for Metal Industry, Vodickova 41, Prague II.

Syndicate for Chemical Industry, Jindrisska 10, Prague II.

Syndicate for Fats (soap manufacture) Prikopy 17, Prague II.

Cotton Control Syndicate, Zivnostenska Banka, Prague I.

Syndicate for the Paper Industry, Havlickovo, Namesti, 10, Prague II. (Secretary, Dr. Glaser.)

Syndicate for Glass Industry, Vacklavske Namesti 62, Prague I.

**EXPORT COMMISSIONS.**

The export of the finished products of certain leading Czecho-Slovak industries is mostly handled through export commissions representing all the producers in the particular industry and under the control of the Government. Thus the latter, in order to exercise its monopoly of the export of sugar, has organized the Czecho-Slovak Sugar Export Company, Ltd., Prague I., to which all inquiries for sugar have to be addressed. The export of spirits in a similar manner is handled by the Czecho-Slovak Spirit Commission at Prague. Other industries are subject to control through the export sections of the Commission for Foreign Commerce, which grants export licenses to individual firms, but many have formed export associations for the promotion of the sale of their products abroad.

The principal manufacturers of Czecho-Slovakia are also organized for the protection of mutual interest into the Czecho-Slovak Manufacturers' National Association. There is an export section of this association at Mikulanska 6, Prague II, which is prepared to answer inquiries from abroad relative to Czecho-Slovak industries.

**FREEDOM FROM FOREIGN CONTROL.**

Before the formation of the Czecho-Slovak State, many of the larger industrial enterprises in Bohemia, Moravia and Silesia were controlled and financed from Vienna,

in which city were located the head offices. Similarly in Slovakia the control of the industries was centralized in Budapest. In order to free these industries from the controlling influence of Vienna and Budapest, the National Assembly has passed a law providing that enterprises carrying on production or transportation within Czecho-Slovakia, but having their administrative office in a foreign country, should upon request of the Czecho-Slovak Government move their head office and executive management to a centre within the boundaries of Czecho-Slovakia. This law, however, will not be able to affect the close inter-relationship between the respective industries and company finance of Czecho-Slovakia and Austria.

#### THE BANKS OF CZECHO-SLOVAKIA.

The banks of Czecho-Slovakia play an important part in the trade and industries of the country. They are mostly large trading institutions with extensive interests also in industrial enterprises.

The largest Czecho-Slovak banking institution is the Zivnostenska Banka, with head office at Prague and branches throughout the country, as well as at Vienna and Trieste. The paid-up capital is 200,000,000 crowns, and the deposits over 1,500,000,000 crowns. The Zivnostenska Banka was founded in 1868 and is interested in many industrial enterprises, particularly in textile mills.

The following is a list of the principal commercial banks in Czecho-Slovakia, with the paid-up capital and approximate amount of deposits.

Name of Bank.	Capital.	Deposits.
	C. S. Crowns.	C. S. Crowns.
Zivnostenska Banka.. . . .	200,000,000	1,500,000,000
Bohemian Industrial Bank .. . . .	150,000,000	500,000,000
Bohemian Union Bank.. . . .	80,000,000	750,000,000
Prague Credit Bank.. . . .	75,000,000	350,000,000
Agricultural Bank.. . . .	40,000,000	450,000,000
Bohemian Discount Bank.. . . .	40,000,000	400,000,000
The Bohemian Bank.. . . .	40,000,000	—
Central Bank of Bohemian Savings Banks.. . . .	35,000,000	350,000,000
Moravian Agricultural Bank.. . . .	26,000,000	450,000,000
Bohemia Czecho-Slovak Foreign Banking Corporation..	25,000,000	—

The capital of nearly all the above banks is subject to increase. The head offices are located in Prague of all except the Moravian Agricultural Bank, which is at Brunn (Brno). Branches are maintained in the leading centres. The Bohemia Czecho-Slovak Foreign Banking Corporation has branches at New York and Paris. French capital is interested in the Prague Credit Bank and Dutch capital in the Bohemian Industrial Bank and the Prague Credit Bank. The Bohemian Union and Bohemian Discount Banks were formerly mostly under the control of capital of German nationality, but now Czechs are represented on the board of directors of each institution.

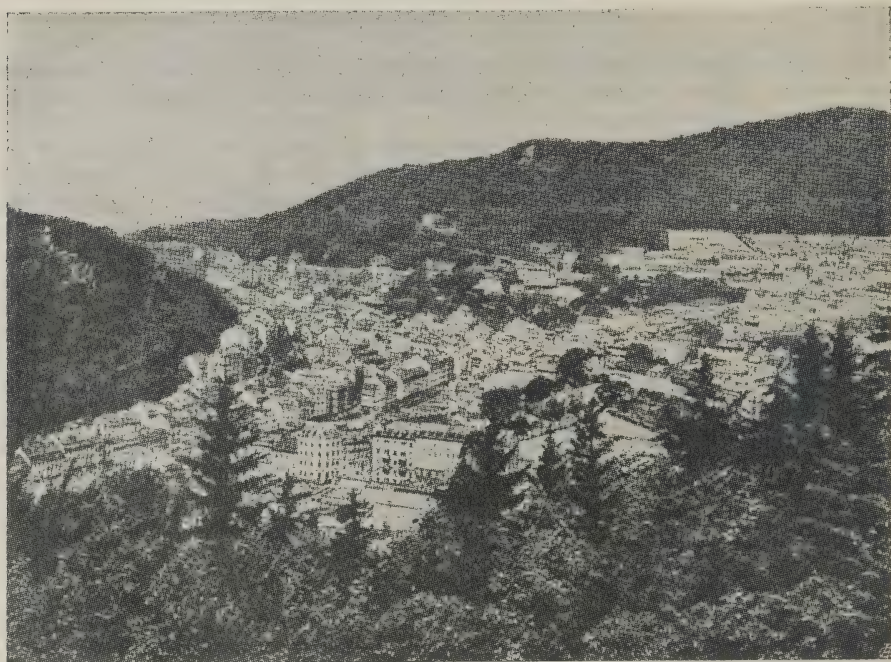
#### THE LEADING COMMERCIAL CENTRE.

Prague is the capital and the most important city in the new Republic of Czecho-Slovakia. It was formerly the chief business centre of Bohemia and henceforth will be the financial and commercial centre of Czecho-Slovakia. The suburbs of Prague contain many important industries, such as textile and machinery manufactories, iron-foundries, paper mills, breweries, etc. The chief industrial quarters are Holesovice-Bubny, Liben, Smichov and Karlin. Prague proper is an old historical city with many buildings, bridges and churches of interest. The first university of central Europe was located in Prague and the city was for many years the capital of the Kingdom of Bohemia. It was also the centre of the movement for religious freedom instituted by John Huss at the beginning of the fifteenth century. Prague is situated on the river Vltava (Moldau), in an amphitheatre surrounded by hills. The number



of inhabitants in the city and suburbs was estimated in 1910 at 616,631, but the present population must be over a million, owing to the great increase in the floating population. The great bulk of the inhabitants are of the Czech nationality, the Germans comprising only 6 per cent of the total population, while the Jews number nearly 30,000.

Prague is the chief distributing point for imported supplies of raw materials and foodstuffs. Its situation on the Vltava (Moldau), a tributary of the Elbe, affords direct water communication with the port of Hamburg. Prague was formerly the most important centre in Austria, exclusive of Hungary, for the sale of agricultural



Carlsbad, the famous Czecho-Slovak Health Resort.

machinery, and its importance in this respect has been enhanced by the formation of Czecho-Slovakia as an independent state. The head offices of the chief banks, insurance companies and of the principal purely Czecho-Slovak industrial enterprises are located at Prague.

#### OTHER IMPORTANT CENTRES.

The most important city in Moravia is the busy industrial centre of Brunn or Brno, with a prewar population estimated at 125,000. Brunn is the centre of the woollen industry of Czecho-Slovakia and has also important cotton mills and other industries. Olmutz with 22,260 inhabitants is the second town in Moravia. The woollen industry is also considerably developed in Silesia at Troppau (30,650), Jagern-dorf (16,680), and Teschen (22,540). The rich coal fields of this province have led to the establishment of many important industries in Silesia.

The leading commercial centre of Slovakia is Bratislava (Pressburg), prewar population 78,000, which is also the Czecho-Slovak port on the river Danube. In eastern Slovakia Kosice, or in Hungarian Kassa and German Kaschau, is a distributing point for the adjacent territory. Kosice had a prewar population estimated at 43,865. The city is well known on account of its fine old Gothic cathedral.

Besides Prague, Bohemia has many important centres of industry. Pilsen or Plzen is the next largest town with 81,165 inhabitants before the war. Pilsener beer is famous, while the city has also large iron and steel works, machinery factories, etc. Pilsen is situated 71 miles west of Prague. Saaz (Zatec) in the Eger valley is the centre for the trade in hops. Budweis or Budejovice is the chief centre of southern Bohemia and is also known for its beer. It has considerable lumber trade as well as factories for lead pencils, tobacco, etc. The population of Budweis was estimated in 1910 at 45,140.

In northern Bohemia the important city of Reichenberg is the distributing point for a busy industrial district with glass, china factories, etc., in numerous small centres. Reichenberg with its suburbs has a population of over 70,000, mostly Germans, and has a number of textiles mills and other factories. Gablonz (Jablonec) with its glass industry is near Reichenberg.

The lignite coal fields in north-western Bohemia are the centre of an industrial district with many sugar refineries, glass and chemical works, etc., located in such centres as Brux, Dux, Komotau and Eger. Aussig on the river Elbe with a population of 39,255 is also an industrial centre of importance.

Mention should be made of the well-known Bohemian health resorts, such as Karlsbad, Marienbad and Franzensbad. The impression has prevailed in Canada that these resorts are German, whereas in reality they are located in Czecho-Slovakia. Karlsbad alone attracted before the war over 68,000 annual visitors. In Slovakia there are also a number of well patronized resorts situated among the Tatra mountains.

The leading distributing centres in Czecho-Slovakia may therefore be enumerated as follows: Prague, Reichenberg, Pilsen and Budweis in Bohemia; Brunn in Moravia; Troppau in Silesia; and Bratislava (Pressburg) and Kossice (Kassa) in Slovakia.

#### TRADE FAIRS.

The organization of trade fairs or sample exhibitions has lately come into prominence as a means of promoting the trade and industries of Czecho-Slovakia. Before the war the development of manufacturing was stimulated by the holding of periodical exhibitions, but now Czecho-Slovakia has followed the example of other countries by organizing trade fairs, where samples are shown and orders booked, the first commercial fair of this kind being held at Reichenberg, the important trade and industrial centre in Northern Bohemia, from August 14 to 22, 1920. Textile goods, glassware and pottery, as well as products from the iron, chemical and other industries were represented.

With a view to increasing the importance of Prague as an international trade centre, sample fairs are to be held every spring and autumn. The first exhibition was organized for the three weeks from September 5 to 28, 1920. All the principal products of Czecho-Slovak industries are to be represented at these fairs and the participation of foreign firms is invited. The city of Prague contributed 2,000,000 crowns towards the first exhibition. Canadian firms interested in the Czecho-Slovak market may obtain information regarding the cost of exhibiting at succeeding fairs from The Prague Fair Administration, Town Hall, Prague.

The Government contributed 750,000 crowns toward the expenses of a Czecho-Slovak Agricultural Fair held from September 10 to 17 at Bratislava (Pressburg), a special feature being the exhibition of agricultural machines and implements manufactured in Czecho-Slovakia. Live stock, agricultural produce, wood products and harness and saddlery are represented among the exhibits.

#### THE CO-OPERATIVE MOVEMENT.

The co-operative movement is considerably developed in Czecho-Slovakia and has received a great stimulus since the formation of the independent state. Altogether



it is estimated that there are between 6,000 and 7,000 co-operative societies of various kinds with a total membership of 1,000,000 heads of families, representing nearly 4,000,000 individuals or about one-third of the population of the Republic.

The majority of the urban consumers' supply societies are represented in the Central Union of Czecho-Slovak Co-operative Societies, which was founded in 1907 at Prague. This Central Union is now comprised of about 600 societies with a membership of 250,000 heads of families. The annual turnover is nearly 200,000,000 crowns.

The employees of the state railways, government departments and the lower officials of the Government are organized into a semi-official Co-operative Wholesale Society, supplying 1,200,000 persons and having a turnover of nearly 300,000,000 crowns a year.

Besides the societies affiliated with the Central Union above mentioned, there are about 500 other consumers' societies with 250,000 members and annual sales of about 100,000,000 crowns.

These various organizations are mostly for the supply of goods to inhabitants of the towns. The farmers of Czecho-Slovakia are organized into co-operative agricultural societies, which take an important part in the distribution of agricultural machines and implements and other supplies required by the farmers. The largest organization of this kind in the Central Union of Bohemian Agricultural Societies with headquarters at Soukeniska ulice 25, Prague. Over 2,000 co-operative societies, with a total membership of about 200,000 farmers, are embraced by this organization. It has well-organized departments for the distribution of machines, seeds and other supplies and the turnover last year exceeded 1,500,000,000 crowns. This union will probably later be in the market for harvesting machines, pasture grass seeds, and other supplies from abroad, and Canadian firms interested should communicate with the head office, the address of which is given above.

#### ACQUIREMENT OF INTEREST IN FACTORIES.

French, United States and other interests have been active in negotiating for a share in Czecho-Slovak industrial enterprises, and in this way some of the largest manufacturing concerns in the country have been reorganized with the participation of foreign capital. A notable instance has been the acquirement by the French engineering firm of Schneider and Company of an interest in the well-known Skoda Metallurgical Works of Pilsen. In view of the low value of the Czecho-Slovak crown there has been an excellent opportunity for the investment of foreign capital in this manner.

Another way in which foreign firms have participated in the re-establishment of Czecho-Slovak industries has been in the supplying of raw materials to factories and then disposing of the finished products, paying the factory what might be called "manufacturing profit." Italian and Swiss firms were the pioneers in these transactions, but recently the Anglo-Danubian Association has been formed in England for the purpose of carrying on business of this kind in Central European countries. It has also been announced that the Société Maritime Française has arranged with a group of Czecho-Slovak manufacturers and banks to provide raw materials in exchange for the sole agency for the sale in foreign countries of the goods manufactured from these materials.

#### TARIFF.

A convention with Great Britain assures Canadian products most-favoured-nation treatment when imported into Czecho-Slovakia provided Czecho-Slovak products are not discriminated against upon importation into Canada. A new tariff has just been published, details of which may be obtained on application to the Director, Commercial Intelligence Service, Ottawa.



## V.

## Import Needs.

The principal import requirements of Czecho-Slovakia, as already indicated, are for raw materials and foodstuffs. Mention has been made of the principal foodstuffs in demand, and a list is appended to Part I of this report setting forth the articles which may be imported into Czecho-Slovakia without a license. This list covers the principal raw materials, foodstuffs, and other supplies required. For the further information of Canadian firms the following list may be given of the raw materials which are in greatest demand at the present time:—

## MANUFACTURED GOODS.

Hides (dry).	Tin.	Zinc ore.
Quebracho.	Aluminium.	Fats for the manufacture of
Phosphates.	Rubber.	soap.
Pyrites.	Ferro Manganese.	Nickel.
Resin.	Jute.	Saltpetre.
Linseed Oil.	Cotton.	Turpentine.
Copper.	Wool.	Tallow.
Seal Oil.	Iron ore.	Wood oil.
Salt.	Magnesia.	Linseed.
Cocoa beans.	Phosphorous amorfous.	Fertilizers.
Tobacco.	Cocoa butter (for manufac-	Vegetable oils.
Petroleum products.	ture of chocolate).	Flax.

Czecho-Slovakia, being an industrial country, produces the bulk of her own requirements of manufactured goods. The policy of the Government is at present to exclude anything which can be produced within the country or which may be classed as a luxury article. Shortly after the Armistice the shortage of clothing articles led to the importation of cotton goods, woollen cloth, and cotton yarn, especially from Italy, but with the restoration of the domestic production of textiles these importations have ceased, except in the case of finer yarns. There is an opening for the sale of leather to Czecho-Slovakia, since owing to the shortage of hides the domestic tanneries are unable to supply the demand. An import license is required and only leather for non-luxury purposes is admitted. Kid, coloured kids, patent and box calf are among the leathers for which inquiries have been made.

Synthetic drugs are another line of import into Czecho-Slovakia, Germany having been the chief source of supply. The drugs required include antiseptics, anæsthetics, aspirin, antipyrin, pyramidon, salol, etc. Closely allied to these drugs lines are surgical instruments, dental appliances, bandages, and medical rubber goods, the bulk of which are not produced in Czecho-Slovakia. Certain patent medicines might also find an opening in this market.

Chemical products, such as aniline dyes of all kinds, borax, boric acid, arsenic acid and explosives have also to be imported from abroad. Varnishes might later present a possible line of export to Czecho-Slovakia, when present restrictions are removed.

## MACHINERY.

Bohemia, Moravia and Silesia offered a market before the war for certain lines of machines and industrial equipment, such as spinning machines and other textile machines, paper machinery, etc. There is a considerable manufacture of machinery in Czecho-Slovakia and the present policy of the Government permits only of the purchase of machines from abroad, which cannot possibly be obtained in the country. Import licenses for textile machinery from Great Britain have been refused, but certain

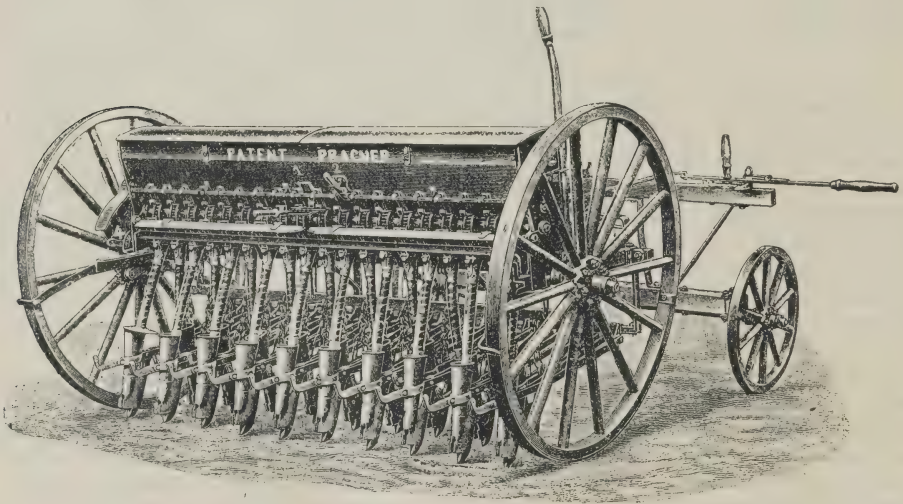
special machines have been admitted. Typewriters, machines for printing bank notes and paper for same, are among the lines at present required in Czecho-Slovakia and the import of which is permitted in limited quantities.

As another example of the present policy of the Government, it may be mentioned that in order to free the country from dependence on Austrian and German producers of telegraph and telephone apparatus, a company was recently formed with the co-operation of the Government to manufacture these lines in Czecho-Slovakia. The branch of an English factory in Vienna, which formerly supplied the Bohemian and Moravian markets with beet-gathering machines, is now not able to ship to these markets on account of the import restrictions.

These examples will indicate the difficulty of doing business in machinery lines with Czecho-Slovakia at the present time. When the industries of the country are re-established on a normal and independent basis, it may be expected that the trade restrictions will be modified. It will then be possible to export to Czecho-Slovakia certain kinds of machines and other manufactured goods which are not produced as satisfactorily or in sufficient quantities within the country itself.

#### AGRICULTURAL MACHINERY.

The above remarks in regard to the importation into Czecho-Slovakia of machinery lines in general apply particularly to agricultural machines, the trade in which is of special interest to Canada. The importation of agricultural machines is



Type of Agricultural Machinery in Czecho-Slovakia.

at present prohibited, but licenses for limited quantities are granted to co-operative societies and other importers for the purchase from abroad of machines which are greatly needed and which cannot be produced in Czecho-Slovakia. The rate of exchange is one of the chief obstacles to a large trade from abroad in agricultural machines, so that even if importations were unrestricted, the turnover in imported machines and implements would not be large as the price in crowns to the farmer would come very high.

The manufacture of agricultural machines is greatly developed in Czecho-Slovakia and there is a considerable export to the countries of eastern and southern Europe. There are altogether about twenty-seven firms engaged in this industry.

The greatest development has been in the production of ploughs, cultivators, harrows, rollers, weeders, drills and seeders. A large part of the total output of these implements is exported.

All sizes of threshing machines are manufactured and the production covers the domestic demand. The same may be said to apply to locomobiles and internal combustion engines, wind and water motors. A start has been made with the manufacture of motor ploughs and some export has taken place.

There is one factory in Czecho-Slovakia manufacturing corn mowers with automatic sheaf-binders and the output is sufficient for domestic requirements. Potato gatherers are produced and here also the demand and supply balance.

The trade in beetroot reapers is considerable and several factories produce the simpler types. Beet-gathering machines with automatic stalk-cutters, however, are not made in Czecho-Slovakia and require to be imported from abroad.

With regard to miscellaneous agricultural implements, there may be mentioned all kinds of pumps, chaff-choppers, beetroot cutters, fodder machines and whims, all of which are manufactured to a considerable extent both for home demand and export.

#### OPENINGS FOR IMPORTED AGRICULTURAL MACHINES.

Grain harvesting machines are manufactured to some extent in Czecho-Slovakia, but not so as to preclude the necessity for importations from abroad. The United States and Canada formerly supplied the bulk of the mowers, reapers and binders sold in this market and importers are again looking to these countries for supplies. The low exchange value of the crown and import restrictions hinders business for the present, but on the other hand there is a great shortage of these machines in the country, owing to the lack of agricultural labour, and importations from abroad will soon be necessary. Canadian firms should now prepare the ground for future business by getting in touch with importers and the co-operative agricultural societies.

The effect of the expropriation of the large estates on the agricultural implement trade should be taken into consideration. All estates over 617 acres of land or 371 acres of arable land have been confiscated by the State and are to be divided up into small holdings of from 15 to 37 acres, on which independent farmers are to be settled. The amount of land thus expropriated is said to amount to 7,400,000 acres. The dividing-up of the large estates into small holdings should restrict for a time at least the sale of harvesting machines, especially of binders. It is reported that farmers' co-operative societies are being formed for the purpose of cultivating tracts of expropriated land, which they will receive from the Government. This tendency towards agricultural co-operation may have a beneficial effect on the agricultural machinery trade.

Tractors and motor ploughs for use on smaller holdings are another line of agricultural machinery which offers openings for future trade from abroad, since the home production does not cover the demand. Other agricultural machines, which are not produced in sufficient quantities in Czecho-Slovakia, are manure spreaders, hay-presses, seed cleaners and separators, while nearly all the cream separators, churns, milking machines and cheese-making machinery required have to be imported from abroad. Prague is the most important centre for the trade in agricultural machinery and implements, while as a distributing point for Slovakia the town of Bratislava (Pressburg) also promises to be important in the future.



## VI.

## Trade Statistics.

The most recent statistics available regarding the foreign commerce of Czecho-Slovakia are those for the whole of the year 1919, the first year of the existence of the Republic as an independent state. The figures which have been issued covering this period, however, are provisional, and for particulars as to origin of imports or destination of exports it is necessary to refer to the statistics for the first six months of the year in question, since this is still the only period covered by complete trade returns.

## TRADE DURING 1919.

It is of interest to examine the provisional figures relative to the trade of Czecho-Slovakia for the year 1919. The total value of the goods imported during this year was 6,555,418,562 crowns. (Par value of crown equal to 20.3 cents, present exchange value of Czecho-Slovakia crown about 2 cents.) Exports during the same period were valued at 5,323,621,196 crowns, thus showing an unfavourable trade balance amounting to 1,231,797,366 crowns.

The principal classes of goods imported during 1919 were flour, wheat, rice, and other food products to the value of 1,443,890,121 crowns; fats valued at 844,835,277 crowns; raw cotton and yarn, at 917,841,763 crowns; wool and woollen goods, at 553,675,441 crowns; and large quantities of hides and leathers, iron, machines, canned foods, tools, and silk. The principal lines exported included sugar valued at 1,571,426,436 crowns; coal and firewood, at 614,306,116 crowns; fruits and vegetables, at 564,205,810 crowns; glassware, at 370,267,850 crowns; and iron products, at 314,849,137 crowns.

The greater part of the above turnover occurred during the last six months of the year, when heavy importations of cotton and other raw materials and foodstuffs arrived and the export of finished goods on a considerable scale commenced. This may be seen by comparing the figures for the whole year with those for the first six months. During the latter period total imports were valued at 1,071,000,000 crowns and exports at 1,289,000,000 crowns, or a favourable balance of trade amounting to about 218,000,000 crowns, whereas for the whole year there is an unfavourable balance of 1,231,797,366 crowns.

The following table gives the value of the imports into and exports from Czecho-Slovakia during the year 1919 by principal classes of merchandise according to the customs classification:—

*Imports and Exports, 1919.*

Class of Goods.	Imports.	Exports.
	Value. C.S. Crowns.	Value. C.S. Crowns.
Tropical foodstuffs.. . . .	113,208,874	151,349
Spices.. . . .	26,734,557	254,381
Tropical fruits.. . . .	24,993,130	1,400,740
Sugar.. . . .	7,318,295	1,571,426,437
Tobacco.. . . .	19,530,173	35,434
Cereals, flour, rice and other foodstuffs.. . . .	1,443,890,121	9,572,486
Fruits and vegetables.. . . .	82,169,439	564,205,810
Live cattle.. . . .	29,549,637	3,428,104
Other traction animals.. . . .	273,255	203,931
Animal products.. . . .	69,018,337	20,486,669
Fats.. . . .	844,835,277	18,185,107
Oils.. . . .	39,850,236	1,168,746
Drinks.. . . .	194,099,870	115,312,662
Provisions.. . . .	164,092,249	101,845,739
Wood, firewood and charcoal.. . . .	11,591,838	614,306,116
Furniture and cabinet work.. . . .	11,091,417	3,749,397
Minerals.. . . .	41,132,075	37,361,488
Medicines and perfumes.. . . .	5,740,825	1,388,131
Dyes and tanning material.. . . .	61,480,852	318,743

*Imports and Exports, 1919.—Concluded.*

Class of Goods.	Imports. Value. C.S. Crowns.	Exports. Value. C.S. Crowns.
Gums and resinous matters.. . . .	65,806,783	25,758,994
Mineral oils and brown coal and coal tar.. . . .	54,894,116	10,840,250
Cotton, yarn and cotton goods.. . . .	917,841,763	100,323,807
Flax, hemp, jute and other vegetable textiles.. . . .	36,938,518	57,659,401
Wool, woollen yarn and woollen textiles.. . . .	553,675,441	322,342,640
Silk and silk articles.. . . .	123,610,095	16,760,888
Clothing articles.. . . .	82,685,101	81,235,744
Brushes and sieves.. . . .	2,136,788	3,418,991
Straw, cane and other articles thereof.. . . .	7,455,336	8,613,390
Paper and paper articles.. . . .	75,468,706	181,148,385
Rubber and rubber goods.. . . .	72,499,533	1,812,436
Oil cloth and their products.. . . .	1,196,926	811,956
Leather and leather articles.. . . .	229,699,598	14
Furs in general.. . . .	6,342,586	6,839,307
Wood products and furniture.. . . .	79,433,057	114,456,493
Glass and glassware.. . . .	15,031,160	370,267,850
Bone articles.. . . .	30,183,466	15,198,851
China.. . . .	5,816,866	70,479,252
Iron and iron products.. . . .	162,860,343	314,849,137
Other metals.. . . .	110,752,682	30,789,273
Machines, apparatus and their parts.. . . .	194,725,760	111,908,899
Electrical machines and apparatus.. . . .	93,395,383	15,011,402
Vehicles.. . . .	29,605,520	11,264,316
Precious metals, precious and half precious stones and their products; coins.. . . . }	3,031,629	3,929,310
Watches and instruments.. . . .	49,595,092	11,175,594
Salt (cooking).. . . .	7,877,524	486,819
Chemicals.. . . .	133,659,909	132,880,213
Paints and varnishes.. . . .	85,956,460	29,232,614
Candles, soap and wax articles.. . . .	33,205,646	2,565,780
Publications and articles of art.. . . .	8,681,421	51,251,774
Waste.. . . .	1,057,409	1,317,899
	99,697,488	9,538,236
Total.. . . .	6,555,418,562	5,323,621,196

## SHARE OF EACH COUNTRY

The table appended herewith shows the respective shares of the different countries in the trade with Czecho-Slovakia during the year 1919. It will be seen that the largest exchange of goods was effected with Austria, which country took about 29 per cent of the exports from Czecho-Slovakia during the above period and supplied about 10 per cent of the imports. Shipments of coal contributed in large measure to the high value of the export to Austria during this year. The United States are shown in the table with having sent goods to Czecho-Slovakia to a total value of 1,862,612,646 crowns, or 28 per cent of the total import, but of these goods a total value of 1,596,591,149 crowns is accounted for by foodstuffs supplied on credit. If the value of these foodstuffs is deducted from the total value of importations, it will be seen that Czecho-Slovakia had in reality a favourable balance of trade for the year in question. The remainder of the imports from the United States were comprised mostly of raw cotton.

After the United States the largest supplier of goods to Czecho-Slovakia during 1919 was Germany, with a value of 789,000,000 crowns, or 12 per cent of the total import. This country was also the second largest purchaser of Czecho-Slovak products, taking about 15 per cent of the total export. The volume of imports from and of exports to Germany was particularly increasing towards the latter part of 1919, although the figures are swelled considerably by the exchange of German hard coal for Bohemian lignite.

Italy ranks third on the list of countries which supplied Czecho-Slovakia with goods during 1919. The import from this source was valued at 683,704,000 crowns, or about 10 per cent of the total, and is largely accounted for by the fact that Italy was the principal shipper of cotton yarn and finished textiles during the first part of the year.

Canada is shown in the table with having taken Czecho-Slovak products to the value of 1,490,647 crowns (approximately \$29,000) and with having supplied goods valued at 192,018 crowns (approximately \$3,840).

There was a considerable export to France from Czecho-Slovakia during 1919 valued at 599,000,000 crowns, as compared with an import from that country of goods worth 236,000,000 crowns. The sale of a large amount of sugar accounts for this considerable excess of exports over imports from France. Other countries with which a similar excess of exports is shown are Austria, Poland, Hungary, Jugo-Slavia, Bulgaria, Russia, Roumania, and India. It is thus seen that Czecho-Slovakia had a favourable trade balance mostly with countries where poor exchange rates are prevalent and the reverse in the case of countries with higher exchange rates.

The other considerable suppliers of goods to Czecho-Slovakia during 1919, besides the countries already mentioned, were Switzerland with 531 millions, Great Britain with 328 million, Belgium with 306 million, and Holland with 263 million crowns.

*Trade of Czecho-Slovakia by Countries, 1919.*

	Imported from. C.S. Crowns.	Exported to. C.S. Crowns.
Albania.. . . .	.....	3,449,542
Belgium.. . . .	306,512,773	23,846,367
Bulgaria.. . . .	18,699,502	93,750,186
Denmark.. . . .	78,095,686	58,789,590
France.. . . .	236,268,456	599,033,570
Hamburg.. . . .	4,605,938	2,829,294
Italy.. . . .	683,704,016	211,119,812
Jugo-Slavia.. . . .	168,472,345	243,410,657
Hungary.. . . .	168,827,890	252,903,319
Holland.. . . .	263,533,487	67,763,685
Germany.. . . .	789,129,493	800,627,832
Norway.. . . .	26,342,672	302,148,505
Plebiscite District of Silesia.. . . .	22,576,698	34,983,937
Poland.. . . .	76,455,481	451,132,068
Austria.. . . .	676,417,425	1,535,425,986
Roumania.. . . .	24,521,565	84,039,676
European Russia.. . . .	147,627	89,402,720
Spain.. . . .	48,276,555	1,465,374
Sweden.. . . .	77,752,475	28,406,228
Switzerland.. . . .	531,707,412	79,089,639
Turkey in Europe.. . . .	8,997,058	6,601,621
Ukraine.. . . .	7,207,163	9,848,370
Great Britain.. . . .	328,440,558	238,145,324
British India.. . . .	2,538,445	15,884,428
Asiatic Russia.. . . .	.....	3,143,668
Egypt.. . . .	10,147,595	2,075,255
Argentina.. . . .	51,158,253	601,980
Canada.. . . .	192,018	1,490,647
United States.. . . .	1,862,612,646	70,893,794
Rest of America.. . . .	75,007,018	3,797,138
Austarlia.. . . .	3,383,133	31,146
Other countries.. . . .	3,687,179	7,489,868
Total.. . . .	6,555,418,562	5,323,621,196

DETAILED STATISTICS.

The detailed trade returns which have been issued for the six months' period, January to June, 1919, do not afford a very satisfactory indication of the trade of Czecho-Slovakia, owing to the fact that during this period the country was still suffering from the economic exhaustion consequent upon the war and the break-up of the Austro-Hungarian Empire. Thus a very large quantity of foodstuffs, clothing articles and other relief goods were imported, which normally would be produced within the country. The industries which contribute to Czecho-Slovak export trade were also paralyzed during the first six months of 1919 for lack of raw material. It therefore follows that the summary figures for the whole of the year, as given above,



indicate much better the probable future trend of the trade of Czecho-Slovakia. It may, however, be of interest to show the principal classes of goods imported from and



Reichenberg, the Trade and Industrial Centre of Northern Bohemia.

exported to Great Britain and the United States during the first six months of 1919, as the products and requirements of these two countries are the most familiar to Canadians.

*Czecho-Slovak Trade with the United Kingdom, January to June, 1919.*

Class of goods.	Imported from United Kingdom.	Exported to United Kingdom.
	Value. C.S. Crowns.	Value. C.S. Crowns.
Colonial foodstuffs.. . . .	1,017,599	—
Spices.. . . .	575,063	—
Flour, grain, rice and other foodstuffs . . .	1,210,375	—
Fruits and vegetables.. . . .	—	8,500
Animal products.. . . .	858,270	—
Fats.. . . .	802,160	—
Oils, vegetables.. . . .	213,465	—
Provisions.. . . .	64,000	—
Minerals.. . . .	435,625	—
Gums, resins, etc.. . . .	822,351	—
Mineral oils.. . . .	892,850	—
Cotton, yarn and cotton goods.. . . .	9,800,230	—
Flax, hemp, jute and articles thereof.. . . .	304,750	290
Wool and woollens.. . . .	230,154	—
Clothing articles.. . . .	1,096,004	—
Straw, reed and wicker articles.. . . .	850,000	536
Rubber and rubber goods.. . . .	966,371	—
Linoleum.. . . .	20,894	—
Leather and leather goods . . . . .	672,605	—
Woollen articles . . . . .	30,000	386
Glassware.. . . .	—	1,015,143
Stone articles.. . . .	15,045	—
Metal goods, other than iron or steel or precious metals.. . . .	191,702	—
Chemicals.. . . .	600,911	—
Paints and varnishes.. . . .	234,141	—
Candles and soaps . . . . .	35,700	—
Books and objects of art.. . . .	—	3 256
Total.. . . .	21,940,265	1,028,111

*Czecho-Slovak Trade with the United States, January to June, 1919.*

Class of goods.	Imported from	Exported to
	United States. Value. C.S. Crowns.	United States. Value. C.S. Crowns
Fruits and vegetables . . . . .	.....	19,720
Animal products.. . . .	.....	196,656
Fats.. . . .	65,637	—
Oils, vegetables.. . . .	6,426	—
Provisions.. . . .	6,208,030	—
Materials for dying and tanning.. . . .	1,746,342	—
Gums, resins, etc.. . . . .	5,518	—
Mineral oils.. . . .	73,268	—
Wool and woollens . . . . .	605,296	—
Clothing articles.. . . .	.....	39,950
Paper and paper articles.. . . .	129,200	6,800
Rubber and rubber goods.. . . .	1,641,024	—
Wooden articles.. . . .	12,011	—
Glassware.. . . .	.....	563,254
Iron and iron products . . . . .	17,850	—
Machines and apparatus.. . . .	158,100	—
Precious metals and precious stones.. . . .	.....	171,335
Instruments, tools, watches and clocks.. . . .	2,325,960	—
Chemicals.. . . .	10,703	—
Paints and varnishes . . . . .	.....	126
Candles and soaps.. . . .	30,600	—
Books and objects of art . . . . .	.....	6,800
Total.. . . .	13,035,908	1,004,641

## FUTURE EXPORTS.

In order to afford an indication of the probable volume of export from Czecho-Slovakia when the normal output of the leading industries of the country can be re-established, a Bohemian expert has prepared two interesting tables, showing the annual value of the total exports to western and to eastern countries based upon prewar production and prewar prices, as follows:—

*Prewar Export to Western Countries (France, Great Britain, United States, Switzerland, Belgium, etc.)*

Timber all kinds.. . . .	\$ 45,000,000
Hops.. . . .	24,000,000
Sugar.. . . .	120,000,000
Malt.. . . .	12,000,000
Iron.. . . .	5,000,000
Paper.. . . .	8,000,000
Wooden articles.. . . .	12,000,000
Glassware.. . . .	30,000,000
Other articles . . . . .	51,000,000
Total.. . . .	\$307,000,000

*Prewar Export to Eastern Countries (Austria, Hungary, Poland, Jugo-Slavia, Bulgaria, Roumania, Russia, etc.)*

Steel, iron.. . . .	\$ 80,000,000
Agricultural machines.. . . .	40,000,000
Iron products.. . . .	30,000,000
Industrial equipment.. . . .	30,000,000
Chemical products . . . . .	20,000,000
Alcohol.. . . .	40,000,000
Sugar.. . . .	20,000,000
Textiles.. . . .	40,000,000
Footwear.. . . .	20,000,000
Other articles.. . . .	26,000,000
Total.. . . .	\$346,000,000

After due allowance has been made for increased prices and other changes resulting from the war, the above tables afford an excellent indication of the probable future volume of Czecho-Slovak trade and the important part which this country is likely to play as a supplier of manufactured goods to other countries.

## VII

**Control of Foreign Commerce of Czecho-Slovakia**

The Government of Czecho-Slovakia exercises a strict control over imports into and exports from the country in order to safeguard the interests of the State until such time as the trade and industries of the Republic can be established on a sound and independent basis. The principal aims of the Government are to assure the supply of the necessary raw materials for the diversified industries of the country, to stabilize the rate of exchange, and to promote the sale abroad of exportable manufactured products.

## CREATION OF MINISTRY FOR FOREIGN TRADE.

Several organs have been created by the Government for the purpose of exercising control over foreign commerce. In order to centralize the various departments having jurisdiction over separate branches of trade, a special Ministry for Foreign Trade has recently been established, which will direct the execution of the programme for the exchange of goods on a compensation basis, for the importation of necessary supplies of raw materials and foodstuffs and for the exportation of Czecho-Slovak products. The new ministry will also have among other aims the conclusion of commercial treaties with foreign governments and the execution of measures for stabilizing the exchange value of the Czecho-Slovak crown. Mr. R. Horowitz, a prominent member of the Government and formerly secretary of the Prague Chamber of Commerce, has been appointed the Minister for Foreign Trade.

## ORGANS OF CONTROL.

Before the creation of the new ministry the control of imports and exports was confided to a commission under the direction of the Ministry of Commerce. This commission was divided into different sections for various branches of trade. The leading industries of the country are organized into syndicates for the purpose of securing supplies of raw materials and selling their products abroad. The different syndicates were represented on the commission above referred to. This commission through its different sections granted licenses for the import and export of all goods except those which are the monopoly of the State; sugar, which is reserved for the control of the Sugar Commission; coal, reserved for the control of the Ministry of Public Works; and lands, stocks, money and bullion under the control of the Ministry of Finance. The Commission for Foreign Commerce maintains branches throughout Czecho-Slovakia and offices in Vienna, Berlin, and New York.

In order to secure funds in foreign currency for the purchase of goods from abroad, importers can apply to any bank, which is allowed to sell foreign exchange upon the production of an import permit. The control of foreign exchange operations through the Centrale de Devises was abolished last April and the Ministry of Finance now only exercises indirect supervision through the banks.

There is still another office concerned with foreign commerce, and this is the Control Office for Compensation Business under the Ministry of Commerce. This office transacts the negotiations for the exchange of goods from foreign countries for Czecho-Slovak products, which is known as compensation trade. The other organs for the control of foreign commerce and the various syndicates submit to this office particulars of the requirements for imported goods and the merchandise available for export.

It is in order to co-ordinate the activities of the various bodies above mentioned, and to have one department of the Government concerned with all matters relating to foreign commerce, that the new Ministry for Foreign Trade has been estab-



lished. The various organs will continue to function under the respective ministries as heretofore, but the Ministry for Foreign Trade will have general direction over the formation of policies regarding trade with foreign countries and their execution. The granting of licenses for import and export will also come within its jurisdiction.

It is desired to reduce to a minimum the formalities in connection with foreign trade and to leave sufficient scope for private initiative.

#### PROCEDURE FOR OBTAINING IMPORT LICENSES.

The above is a brief survey of the machinery created for exercising government control over the foreign trade of Czecho-Slovakia. The writer was impressed with the despatch and businesslike manner in which the routine work involved is handled by the various departments. Canadian firms desirous of doing business with Czecho-Slovakia are not concerned with the formalities necessary for obtaining import and export licenses and the transaction of compensation business, since these are attended to by the local houses who are familiar with all the details. It is important to mention only the general principles on which trade with Czecho-Slovakia is regulated by the Government. These principles have been briefly indicated above. It is now desirable to outline for the benefit of Canadian exporters the procedure followed in the granting of import permits and the transaction of compensation business.

Exporters to Czecho-Slovakia quote prices and terms direct to individual importing firms, who make the application for import license in connection with each order. The application is first examined by the industrial syndicate involved: thus an application for the import of raw material or machinery for the cotton industry would be examined by the Cotton Syndicate and so on. After being passed by the Industrial Syndicate, the application is passed on to the Commission for Foreign Commerce, who take into consideration the existing rate of exchange and the demand for the goods in question. More favourable consideration is given to applications for import licenses in cases where the foreign exporter is willing to accept payment in Czecho-Slovak products on a compensation basis, or in foreign exchange in one, or two years, or in Czecho-Slovak crowns to be left in the country for a certain period. Sometimes a license for only a part of the goods desired is granted. In the case of goods which can be substituted for by products manufactured in the country, the opinion as to the desirability of granting the license is obtained from the industrial syndicate of the manufacturers making these products. As previously pointed out the industrial syndicates have been organized by the Government and are supervised by the State, the Government being represented on the Board of Directors of each syndicate.

In general it may be said that import licenses are granted only for (a) raw materials and semi-manufactured articles required for the industries of the country; (b) foodstuffs of which there is a shortage in Czecho-Slovakia; and (c) manufactured articles and machines which cannot be produced within the country or which are not classed as luxury goods. Lists are published from time to time of the goods which are generally permitted to be imported, and these articles may be imported without a license upon notification being duly given and an attestation fee paid. The latest list of such goods is given below. For all other articles an import license must be obtained. The license or attested notification is attached to the other documents and presented at the customs office when the goods are to be cleared. Contravention of the regulations involves penalties and non-receipt of the goods, so that Canadian exporters should make certain that the importer has the necessary permit before shipping goods to Czecho-Slovakia.

#### COMPENSATION BUSINESS.

With a view to stabilizing the exchange value of the Czecho-Slovak crown and promoting the sale abroad of the industrial products of the country, the Government endeavours to encourage so far as is possible the exchange of foreign goods against

Czecho-Slovak products on what is known as a compensation basis. The Control and Compensation Office, appointed for facilitating deals of this kind, inspects all applications for import or export licenses except those for the import of raw materials and if practicable arranges for the parties concerned to effect the transaction on the basis of compensation. This office does everything possible to assist the satisfactory conclusion of compensation deals, and it is important that Canadian firms should examine carefully the possibilities of this kind of business, since a considerable share of the foreign trade of Czecho-Slovakia is likely to be conducted along these lines. The writer had an interview with the Chief of the Control and Compensation Office of the Ministry of Commerce, who explained fully the procedure necessary for the transaction of compensation business.

Compensation in reality is another word for "barter" and means that the exporter agrees to accept payment in goods. A Canadian firm having entered into relations with a house in Czecho-Slovakia with a view to the sale of goods, and the latter being unable to secure an import license or finance the deal on the terms offered, it is suggested that the Canadian firm should accept compensation in Czecho-Slovak products. The latter, either singly or through a syndicate formed for the purpose, would then draw up a skeleton setting forth the goods which they have to offer, with prices and maximum quantities, and together with a counter list of the products which they would be willing to take from Czecho-Slovakia in exchange, provided the prices would be acceptable. The Czecho-Slovakia house would then, through the above-mentioned Government office in accordance with certain formalities which do not concern the Canadian firm, prepare a list of the goods which they will take and another list giving the prices and quantities of the products to be exchanged for these goods. The total value of each list would of course balance, and after submission to the Canadian firm a basis of agreement could probably be arrived at. The Canadian firm or syndicate would include a reasonable profit in the prices they quoted and would also derive a certain profit from the sale of the products accepted in exchange.

The address of the Government office referred to is: The Control and Compensation Office, Ministry of Commerce, Josefska 4, Prague, Czecho-Slovakia, and they will be pleased to give Canadian firms further information relative to compensation trade.

#### TRADE WITH CANADA.

Mr. Hotowetz, the Minister for Foreign Trade, accorded the writer an interview and expressed the desire to see the development of trade relations between Canada and Czecho-Slovakia. He stated that Czecho-Slovak firms had already commenced to establish connections in the Canadian market and that a fair amount of export was taking place from Czecho-Slovakia to Canada, but very little the other way. The minister commended to the attention of Canadian firms the possibilities of transacting compensation business. Failing this they should endeavour to arrange for the granting of credit to reliable importing organizations in Czecho-Slovakia, who can produce satisfactory bank guarantees. The minister was of the opinion that Canada should be in a position to supply Czecho-Slovakia with many of the foodstuffs and raw materials required. He mentioned as examples flour, grain, meat, certain ores and crude metals, such as nickel, mica, aluminium, etc., asbestos fibre, vegetable oils, especially linseed oil, certain grass seeds, turpentine, chemicals, fertilizers, synthetic drugs, certain rubber surgical and other goods, and surgical and dental appliances. Condensed milk and canned foodstuffs, except canned fish, are also needed, but the minister did not think that Canada would be able to compete in price with continental suppliers. With regard to agricultural machines, Czecho-Slovakia was endeavouring to get along without importations from abroad of manufactured articles. The domestic manufacturers of agricultural machines had been making great strides, and while it might be found necessary to later import certain kinds

of machines, such as harvesters, each application for an import license would have to be carefully examined before permission could be granted for the purchase of this or any other line of manufactured articles from abroad.

Considering the other side of the question of reciprocal trade exchanges, the minister stated that Czecho-Slovakia could supply many special lines of manufactured articles, which Canada requires to import. He instanced among other lines, press buttons, mother of pearl buttons, jewellery and novelties known as Gablonz goods, glassware, chinaware, embroidered linen for ladies, hair nets, lace, toys, felt hats for men, sticks, bent-wood furniture, sugar (a consignment of which had recently gone forward to the United States) and the other special products of Czech industry. The minister would like to see a Canadian syndicate come forward with a proposition for a trade exchange on the basis of compensation for a certain definite total amount, say several million dollars. (Of course the question of whether such manufactured goods would come into competition with Canadian products would have to be considered.)

#### GOODS NOT REQUIRING IMPORT LICENSES.

The following list of the goods mentioned above as not requiring an import license, but which may be imported upon duly attested notification, will afford Canadian firms with a further indication of the principal raw materials required for the industries of Czecho-Slovakia:

Albumen; alum; ambergris; ammonia; ammonium sulphate; animal products; (artificial honey excepted; anthracene, crude; argels, crude; arsenic, metallic; asphalt.  
 Beet seeds; benzol; borax, crude; bristles, animal; butter, fresh, salted, and melted.  
 Calcium fluoride; campher, crude and purified; cantharides; carbolic acid, crude; carriage grease; casein; cassel earth; castoreum; cattle; celluloid in sheets, tubes, etc.; cellulose bleached; ceresin; charcoal; china manufacture, transfer prints and metachromatotypes for: civet; coal, hard; cobalt; cobalt, compounds of; coke; copal; copper; cork, in sheets, cubes and stoppers; cork, ground; cotton; cotton wastes (for paper manufacture); colonial goods (not including cocoa husks); cryolite.  
 Dolomite; dyes, aniline.  
 Electric lamp bulbs.  
 Felspar; felspar, Norwegian; felt for drying purposes; fertilizers, animal, etc. (super-phosphates excepted); fibres, aloe, cocoanut, and Manila; fish grease; flax waste (for paper manufacture); flint.  
 Glass, optical; granite, Swedish; grease, fish, seal, and vegetable; grindstones; gypsum.  
 Handles, artificial, for carvers; hemp, raw, or combed; hemp, Indian; hides (for glue manufacture); hides, raw (for tanners and curriers); hoops, birch, hazel, and willow; horn; horn bases and tips; horsehair.  
 Indigo; iron, pig.  
 Jute, raw.  
 Lampblack and other carbons (boneblack excepted); lard, including goose lard; lime, acetate of; liquorice juice (in cases); lithographers' stone.  
 Magnesite, crude and calcined; magnesite bricks; meat; medicaments; mother of pearl; musk.  
 Naphthalene, crude; nickel; nitrobenzol; nutmeg oil.  
 Oil, cocoa, linseed (except boiled), maize, olive, palm, turpentine, cottonseed, beech seed, poppy seed, rape seed, sesame seed; oils mineral, crude and refined (including illuminating); opium; ores, all kinds not specified.  
 Palmitin; paraffin wax; petroleum jelly, refined; pegmatite, Swedish; photographic plates; phosphorus; pork; potassium chloride; potassium chromate; potassium bichromate; potash salts (for fertilizers); pyrites (copper and iron).  
 Quartz; quicksilver.  
 Resin; rubber and vulcanite goods (technical and surgical); rubber, crude.  
 Sandstone, calcareous; saltpetre, Chilian; scythes and sickles; shellac; silk waste (for paper manufacture); skins, hare and rabbit; soda, calcined; sodium chromate; sodium, bichromate; starch, rice and wheat (for textile factories); stearin; straw plait for hats; sulphur.  
 Tanners' bark; tallow, crude or refined; teeth, artificial; tin.  
 Wax, vegetable; wood for staves; wood, hard, for joiners; wood, American hickory; wool; and wool waste for paper manufacture.

The above list is subject to revision from time to time.



## VIII

## The Industries of Czecho-Slovakia

An endeavour has been made in this part of the report to afford Canadian firms with some indication of the development, variety of products, capacity and present output of the leading manufacturing industries of the Republic of Czecho-Slovakia. Some estimate can in this way be formed of the extent to which Czecho-Slovak products will compete in the world's markets with those of other countries. The requirements of the various industries for imported raw materials and machines and apparatus will also be indicated by this review of the principal industries.

The manufacturing industries of Czecho-Slovakia are confronted with a different situation from that to which they were accustomed before the formation of the Republic. They are no longer assured of a large home market, embracing a population of 49,418,598, which the protection resulting from inclusion in the Austro-Hungarian Customs Union formerly afforded. Henceforth Czecho-Slovak products must compete on equal terms as regards customs duties with the products of other countries in the markets of Austria and Hungary and those sections of Jugo-Slavia, Roumania, Poland and Italy that formerly comprised part of the Austro-Hungarian Empire. This consideration is already making itself felt in connection with the textile industry of Moravia, Silesia, and Bohemia and is also applicable to the other industries of the country. On the other hand the formation of the Republic has brought compensating advantages to the industries of Czecho-Slovakia, notably as regards consolidation of policy, coal supplies and protection in a home market of 13,824,504 inhabitants from the competition of Austrian industries.

Sugar, glass and textiles are the three leading industries of Czecho-Slovakia, while the china, timber, paper, beer, spirit, metal, machinery, chemical, boot and shoe and leather industries are also important. For the particulars given in this part of the report the writer is chiefly indebted to the export section of the Czecho-Slovak Manufacturers' National Association at Prague. The principal manufacturing industries of the Republic are reviewed in the following order: sugar, glass, Gablonz goods, textiles, porcelain, timber, pulp and paper, alcohol, beer, lace, leather goods, chemical products, metals and machinery.

## THE SUGAR INDUSTRY

The beet-sugar industry of Czecho-Slovakia comprises almost the whole of that of former Austria and a large part of the sugar industry of the former Hungary. This industry accounted before the war for over 8 per cent of the entire sugar production of the world and nearly 18 per cent of the beet-sugar output. In 1912-13 nearly 1,500,000 tons of sugar were produced in the territory now comprising Czecho-Slovakia. At the present time, in spite of a great falling off in output as compared with prewar years, sugar is the principal article of export from Czecho-Slovakia, and this is the only country in Europe which has exported sugar since the war.

The first sugar factories were established in Bohemia and Moravia towards the end of the eighteenth century. In Slovakia the industry is of more recent growth, but it is in this Province that the greatest development has taken place in recent years. The sugar industry of Czecho-Slovakia has the character of a large scale manufacturing industry, in which the banks and associations of refineries take a leading

part. The following are the number of factories and the sugar production in the different provinces of Czecho-Slovakia in 1912-13:—

	Number of Sugar Factories	Production Tons
Bohemia.. . . . .	108	781,700
Moravia.. . . . .	51	414,800
Silesia.. . . . .	5	18,600
Slovakia.. . . . .	9	259,000
Total.. . . . .	173	1,474,100

In the same year the number of factories in the whole of Hungary, inclusive of Slovakia, was 28 and the total production 675,500 tons. The number of factories has been decreasing in the first three provinces since the commencement of this century, owing to the progressive concentration of production in large establishments. In 1900 the maximum acreage which could be utilized for beet-culture in these provinces had been obtained, so that since then the greatest development of the industry has been in Slovakia and other parts of former Hungary.

#### PRESENT POSITION

The production of sugar in Czecho-Slovakia during the campaign of 1918-19 amounted to 635,106 tons, while that of 1919-20 is estimated at 510,000 tons. Preliminary estimates of the coming crop of sugar beets point to a sugar production during the campaign of 1920-21 of about 800,000 tons. The decreased production of sugar, as compared with before the war, is attributed to shortage of labour, lack of fertilizers, deficiency of rolling stock and the production of coal supplies. The restricted production during 1919-20 is largely due to the effects of a disastrous snow-storm before all the beets had been harvested.

#### SUPPLIES OF SUGAR BEETS

The situation in the Czecho-Slovak sugar industry has been rendered stable since the formation of the Republic by the firm control exercised by the Sugar Commission and by co-operation on the part of the factories. This is especially applicable to the measures taken for assuring supplies of beets to each refinery. Efforts have been made to strictly adhere to the sugar-beet allotments, hitherto existing. The price for sugar beets has been fixed this year at 30 crowns for 100 kilos. (220 pounds), of which 26 crowns are paid to the grower and 4 crowns are paid to a fund administered by the Czecho-Slovak Sugar Commission for the purpose of assuring a sufficient quantity of fertilizers for next year's crop. The above price represents an increase of 100 per cent over the price paid last year for sugar beets.

The refineries have various means of securing their supplies of sugar beets. In Bohemia there are 15 stock companies with beet-growers as stock holders, while certain refineries have estates producing from 30 to 40 per cent of the total beet requirements. The balance is supplied by small growers on contract. The same applies to Moravia and Silesia, where there are 14 stock companies formed by beet-growers. About half the beets in these provinces, however, are raised on estates operated by the refineries. In Slovakia also the refineries grow 90 per cent of their requirements on large estates, which they operate themselves, while the balance of the beets needed are supplied by small landowners on contract.

The Czecho-Slovak Sugar Commission estimates the 1920 sugar-beet average as follows:—

	Acrea
Bohemia.. . . . .	258,492
Moravia and Silesia.. . . . .	160,772
Slovakia.. . . . .	52,010
Total.. . . . .	471,274

This represents an increase of 6.29 per cent over last year but is still 25,000 acres less than the 1918 acreage. Owing to greatly increased use of fertilizers, however, and favourable weather conditions, present prospects for a large crop are favourable. It is estimated that over 5,000,000 tons of sugar beets will be grown, from which about 800,000 tons of sugar can be produced. This would leave about 400,000 tons available for export.

## OTHER FACTORS

The Czecho-Slovak sugar industry, unlike that of Germany, is not dependent upon an annual immigration of labourers for the harvesting of the sugar-beet crop. On the other hand the altered economic and social conditions resulting from the war have brought about a shortage of labour, which hinders a return to the prewar standard of sugar production. The refineries have also been seriously affected by the reduction of coal supplies. The sugar factories of Bohemia, Moravia, and Silesia annually require 773,700 tons and those of Slovakia 685,000 tons of coal. This year the coal situation has greatly improved and no great restriction of output is expected on account of this factor.

## SUGAR EXPORT

The export of sugar from Austria-Hungary during 1912-13 amounted to 1,091,074 tons, of which 663,941 came from Bohemia, Moravia and Silesia and a quantity also from Slovakia. During the year 1919 Czecho-Slovakia exported 282,899 tons, sent to the following countries:—

	Tons		Tons
Austria.. . . .	160,045	Italy.. . . .	2,420
France.. . . .	55,000	England.. . . .	1,250
Germany.. . . .	26,315	Hungary.. . . .	850
Jugo-Slavia.. . . .	12,477	Roumania.. . . .	800
Norway.. . . .	10,840	Poland.. . . .	575
Bulgaria.. . . .	7,065	Other countries.. . . .	142

This year France has already contracted for 90,270 tons and the United States has taken for the first time 7,000 tons of sugar from Czecho-Slovakia.

The exportation of sugar from Czecho-Slovakia is at present monopolized by the Government, and the Czecho-Slovak Sugar Export Company, Limited, of Prague, is the only institution authorized to sell sugar abroad. The factories receive for the sugar they export the maximum price fixed for domestic sale in Czecho-Slovakia, minus the excise duty. The Government therefore receives the benefit of the difference in price between sugar for home consumption and sugar for export. Through the intermediary of the Czecho-Slovak Sugar Commission the whole of the production and distribution of sugar is under state control. In order to take advantage of present high prices on the world's markets, the Government decreased the sugar ration from one and a quarter to one kilogramme (2.2 pounds) a month per person for the period from March 1 to September 30, 1920. The monthly consumption of sugar in Czecho-Slovakia was therefore reduced from 15,000 tons to 12,000 tons. Industries using sugar as raw material receive 40 per cent of their quota consumed in 1913. The sugar saved in this way is utilized for sale abroad in order to secure funds for the purchase of necessary supplies of flour and wheat.

The sugar refineries of Czecho-Slovakia have been organized for the purposes of Government control into the "Central Syndicate of the Czecho-Slovak Sugar Industry," with headquarters at Prague and district associations and local branches in different parts of the country. The beet growers are also organized into district associations. The central syndicate has a department for the selection of beet-seed and an up-to-date laboratory. This organization of the sugar industry tends to efficient co-operation and has in large measure contributed to the successful solution of the many difficulties and readjustments of the after-the-war period.



## THE GLASS INDUSTRY

The Czecho-Slovak glass industry can stand comparison with that of any other country, both as regards quality as well as quantity of its products. It is estimated that about 90 per cent of the glassworks of the former Austro-Hungarian Empire are situated on the territory of the Republic of Czecho-Slovakia. Bohemia has long been known for its glassware, but it is chiefly in recent years that the industry has undergone great development, the primitive wood-burning ovens located in forests being displaced by large modern glassworks with up-to-date machinery and using coal for fuel. The chief centre of the industry is therefore the sandy districts near the coal-fields of northwestern Bohemia, while the older works are located near forests.

The number of large glassworks at the formation of the Republic was 139. Four large establishments equipped with the latest machinery have recently been completed. In addition there are 17 smaller glass factories producing coloured compositions and special glass. Owing to the great demand abroad for glassware of all kinds, additional capital is being invested in the industry and over 60 new plants are to be erected in the near future. This will increase the total manufacturing capacity by about 50 per cent.

At the present time only 15 glassworks use wood as the chief fuel, 103 use coal exclusively and 23 both wood and coal.

The glass factories which are not in a position to finish their products pass them on to finishing establishments to be cut, engraved, etched, painted or mounted. There are over 3,600 of these finishing establishments in the Republic. Besides, there is a very extensive home or cottage industry centred around the town of Gablonz and which employs about 60,000 people, who work at home in the manufacture of imitation precious stones, pearls, corals, buttons, bangles, beads, and a variety of other articles set forth below. The glass factories proper employ about 30,000 workmen and the finishing works an equal number. Over four-fifths of the prewar production of glassware in Czecho-Slovakia was exported abroad; at the present time 90 per cent of the total production is exported.

## DIVERSIFICATION OF PRODUCTION

The following table, taken from a report of Engineer J. Soukup, Secretary of the Czecho-Slovak Glass Syndicate, shows the number of glass works in the different branches of the industry and indicates the diversification of glass production in Czecho-Slovakia:—

Branch of Industry	Number of Factories	Branch of Industry	Number of Factories
Ordinary hollow glass .. . . .	66	Special glass and colours composi- tions .. . . .	17
Cast glass .. . . .	19	Watch crystal glass .. . . .	3
Machine cast glass .. . . .	11	Chemical glass .. . . .	3
Cut glass .. . . .	52	Window glass .. . . .	24
Glass for lighting purposes, globes, etc. . . . .	24	Smooth, ribbed or fluted glass .. .	6
Glass bars and tubes for Gablonz industry .. . . .	11	Cast mirror glass .. . . .	4
Crude glass for the Haida fancy glass industry .. . . .	19	Brown mirror glass .. . . .	3
		Photographic glass .. . . .	2
		Bottles of all kinds .. . . .	17

Hollow and cast glass of various kinds accounts for about 60 per cent of the total normal production of glass in Czecho-Slovakia, window, mirror and photographic glass for about 25 per cent, and glass bottles for 15 per cent.

Before the war the total value of the hollow and cast glass manufactured on the present territory of Czecho-Slovakia was approximately \$24,100,000. The present monthly production is about 60 per cent of capacity, amounting to 25,000 tons. It is expected that an output of 35,000 tons will be obtained in the near future. Over 80 per cent of the total production is shipped abroad, the principal lines exported being glassware for household use, cut glass, chandeliers, lamp chimneys, electric light bulbs, watch crystals and chemical glass.

The monthly capacity of the factories manufacturing window glass is approximately 17,250,000 square feet of window glass and 4,000 tons of smooth and ribbed glass for building purposes. The present production is 75 per cent of this capacity, and of this about 85 per cent is exported to foreign countries. Fourcault machines are mostly used in the manufacture of window glass. Photographic glass is produced almost entirely for sale abroad. About 80 per cent of the mirror glass manufactured in Czecho-Slovakia is exported, 50 per cent as finished looking glasses and mirrors, and the remaining 30 per cent semi-manufactured. This branch of the glass industry is now working at about 60 per cent of capacity.

In prewar times about 165,000,000 bottles of various kinds were manufactured annually in the territory now comprising Czecho-Slovakia. Of these about 49,500,000 bottles were consumed in the country, leaving 115,000,000 for export. The recent installation of additional machinery from the United States has increased the total capacity to 240,000,000 pieces a year. Owing to the shortage of coal and raw materials only about 60,000,000 bottles were produced during 1919. At present the works are operating at 35 per cent of their capacity.

Fancy or luxury glassware represents a considerable proportion of the export of glass from Czecho-Slovakia, and about 95 per cent of the total output of this branch of the industry is shipped abroad. The finished articles are mostly manufactured in the Haida district of northern Bohemia. Similarly eleven glassworks are occupied with the initial preparation of glass rods, bars and tubes for the use of the Gablonz industry, in addition to the seventeen smaller factories already referred to, producing special glass and coloured compositions also for this industry. These works are now operating at about 50 per cent of their capacity.

#### SHORTAGE OF COAL AND RAW MATERIALS

The output of glass products has been restricted since the formation of the Republic by the shortage of coal and such raw materials as soda, potash, Glauber's salts, and other chemicals. The lack of coal had a serious effect on the glass industry during the whole of 1919 and the first part of 1920. Thus the requirements of the whole industry during the month of April, 1920, were for 160,000 tons of coal, while the quantity allotted was only 81,138 tons. At the present time the coal situation has improved to such an extent that the production of glass has considerably increased.

The soda shortage has also exercised a considerable restricting influence on the total glass output. There is only one factory in Czecho-Slovakia producing soda, and its present production satisfies only half the requirements of the glass industry, necessitating imports from Germany and Austria. Recently a convention was signed with a large soda works in Austria, who have agreed to deliver 65 per cent of their total production to the Czecho-Slovak glass industry in exchange for coal. This will enable the production of glass to be resumed on a large scale.

Similarly the output of the three factories producing Glauber's salts in Czecho-Slovakia having been reduced by the coal shortage, the glass industry has been affected accordingly. The same applies to potash, of which the domestic production should normally be sufficient. The needs of the glass industry will require the importation of about 1,000 tons of potash during the coming year. There must also be imported from abroad for the requirements of the industry about 50 tons of saltpetre a month, 1,000 tons of Glauber's salts, 20 tons of boric acid, 220 pounds of selenium, and 44 pounds of gold a month, also 4,400 pounds a year of nickel from Canada and about the same quantity of cobalt.

The Czecho-Slovak Glass Syndicate supervises through industrial corporations the distributions of potash, soda, and other raw materials to the factories. This syndicate also controls the exportation of hollow and cut glass products, the exportation of other glass being supervised directly by the Export Commission. Notwithstanding constantly increasing production, the glass factories are oversold for some

time to come. On the other hand, the recent improvement in the exchange rate and the high export taxes have had the effect of curtailing the demand from abroad for the products of the Czecho-Slovak glass industry. This position, however, must be considered as only temporary, since Bohemian glassware is assured of its place on the world's markets by reason of the highly trained and skilled workmen, who hand down their knowledge of the trade from one generation to another.

#### THE GABLONZ INDUSTRY

The home industry centred around the town of Gablonz, in Northern Bohemia, contributes the greatest proportion to the total exports from Czecho-Slovakia to Canada and the United States. The term "Gablonz goods" embraces a variety of articles, only a certain proportion of which are made from glass. In its extent and variety of its products the Gablonz industry is only surpassed by the toy industry of Bavaria. It is estimated that before the war 60,000 people were engaged in this industry.

The Gablonz industry is supported by several large factories, which provide the materials to thousands of homes where practically all the members of the family do work which cannot be done by machines. The most important factories are the glass-works producing glass bars and tubes. Every week the head of the family takes over or buys from the factory from 16 to 44 pounds of glass to be made up at home into finished articles. For this work about a ton of coal and several gallons of oil are required every month. There are also factories, large and small, throughout the district which supplement the work of the home industry, providing other materials besides glass and manufacturing by machinery certain articles in quantities. It is, however, the articles produced by careful handwork which have by their taste and refinement secured the reputation for Gablonz goods throughout the world.

Over 90 per cent of the entire quantity of Gablonz goods are exported to foreign countries, principally to western Europe, North and South America, and the Orient. Before exportation the goods pass through many hands. The home workers sell or dispose of their products to agents who resell to exporters. Since the formation of the Republic manufacturing and export syndicates have been organized among the workers in the different communities. These syndicates supply the workers with raw material and dispose of the finished articles. During the first part of 1920 the exports of Gablonz goods were valued at about 90,000,000 Czecho-Slovak crowns a month (nearly \$1,800,000). During the last few months, however, exports have decreased by about 30 per cent, owing to the higher exchange value of the crown and the deterrent effect of the export tax amounting to 5 per cent of the invoice price. On account of the shortage of coal and raw materials as outlined above when dealing with glass production, the Gablonz industry has been operating at about 50 per cent of the prewar standard.

#### GREAT VARIETY OF PRODUCTS

The articles produced by the Gablonz industry are so varied that it is difficult to give a comprehensive list. Most of the articles can be classed as either imitation precious stones, jewelry, ornaments or novelties. The most important line is glass beads of all sizes and colours and bags and other articles made from beads. Large quantities of bangles are shipped from the Gablonz district to India and the Far East. About 12,000 workers were employed before the war in manufacturing bangles alone. Buttons, cuff links and clasps are another considerable item of export from Gablonz, especially to North America. Cheap jewelry of all kinds, imitation stones, ornaments, artificial flowers of glass, imitation animals, millinery ornaments, shoe buckles, boxes, souvenirs of all kinds, picture frames, stained and ornamental glass and a thousand and one other articles made from glass, metal, porcelain, stone or other material are included among the products of the Gablonz industry, some of which may be seen in nearly every jewelry, novelty or bric-a-brac store in Canada.



## THE TEXTILE INDUSTRY

Cotton, woollen, linen and other textiles are manufactured in large quantities in Czecho-Slovakia and the Republic retains most of the textile mills of the former Austro-Hungarian Empire. The total production of textiles in the territory now comprising Czecho-Slovakia was valued before the war at approximately \$300,000,000 a year, of which two-thirds was exported beyond the boundaries of this territory. Of this amount the cotton industry contributed 135,000 tons of products valued at \$174,000,000, the woollen industry 53,000 tons of a value \$100,000,000, and the linen industry 22,500 tons of goods valued at \$28,000,000. There should be mentioned the jute industry with 35,000 spindles and 13,000 looms producing annually before the war 30,000 tons of goods valued at \$6,000,000, and the Czecho-Slovak silk industry with 8,000 looms, which had an output in normal times of 4,400,000 lbs. of silk goods of a value of approximately \$2,000,000 a year.

## COTTON GOODS

According to the report of the Association of Czecho-Slovak Textile Manufacturers, there are 87 cotton spinning mills in Czecho-Slovakia with 3,565,000 spindles. This is about 75 per cent of the spinning mills of former Austria-Hungary. The cotton-weaving mills number 600 with about 137,000 looms, or 90 per cent of those of the former Empire, while Czecho-Slovakia has 80 per cent of the other cotton factories. In addition there are 30,000 hand looms in the Republic. The cotton mills are dependent upon the American raw cotton market and, owing to the difficulties of purchasing supplies, are at present only able to operate at about one-fourth of capacity. The arrangements which have been made for obtaining supplies of raw cotton have already been outlined. The receipt of these supplies and the improvement in the coal situation will enable the cotton industry to resume production on a large scale. In normal times the mills of Czecho-Slovakia require about 600,000 bales of raw cotton a year, of which 57 per cent is manufactured into products for export beyond the boundaries of the Republic, principally to Austria, Hungary, Jugo-Slavia and the Near East.

## WOOLLENS

About 87 per cent of the former Austro-Hungarian woollen mills are located in Czecho-Slovakia, there being 34,000 looms, and 400,000 spindles for combed or dressed yarn, and 800,000 spindles for carded yarn. The annual requirements of the mills call for about 66,000,000 lbs. of wool. The chief centres of the industry are Brunn in Moravia, in Silesia, and in northern Bohemia. The range of products covers fine and medium fabrics; worsted and carded yarn; mohair and cashmere, etc.; cloth for overcoats; coarse cloths; shawls; plaids; various kinds of felt; cloth for technical use, for lining garments, boots, etc.; and woollen knitted goods and hosiery of all kinds. The domestic demand accounts for about only 20 per cent of the normal production. Owing to the lack of wool and the coal shortage the mills were operating during the greater part of 1919 at only about 15 per cent of capacity, but recently the situation has greatly improved, as already outlined, and the production is being augmented. Fairly considerable quantities of cloth, felt and clothing have lately been exported.

## LINEN

Practically the whole of the former Austro-Hungarian linen industry is now located in Czecho-Slovakia. Of the 26 flax-spinning mills with 300,000 spindles of the old Empire, Czecho-Slovakia has 25 mills with 285,000 spindles. Similarly of the mechanical looms, 9,269 out of a total of 9,514 for the whole of Austria-Hungary are now in Czecho-Slovakia. In addition there are about 12,000 hand looms in the

Republic. The pre-war output of the spinning mills was about 600,000 packs of linen yarn and tow yarn a year. During 1919 the production was only 96,000 packs, which may be accounted for by the shortage of raw material. Before the war home-grown flax supplied the spinners with one-third of their requirements, the 1913 crop amounting to 13,619 tons of fibre. There has since been a considerable reduction in the growing of flax, the 1919 crop amounting to 5,800 tons. The Government has taken measures to encourage the cultivation of flax-fibre, and in view of the favourable outlook for the linen industry it is expected that this will once more become a lucrative branch of Czecho-Slovak agriculture. At present the prices for linen goods in Czecho-Slovakia are comparatively low and foreign buyers have commenced to take advantage of this situation, a revival of exports having begun towards the end of 1919. The total production of the linen-weaving mills during this year amounted to nearly 25,000,000 yards of linen goods. When operating at capacity the flax-spinning and linen-weaving mills of Czecho-Slovakia export about 75 per cent of their output.

#### CLOSE RELATION WITH AUSTRIAN INDUSTRY

The textile industry of Czecho-Slovakia is closely inter-related with that of Austria and before the war most of the producing companies were financed from and had their administrative offices at Vienna. The cotton mills in Bohemia, Moravia and Silesia also passed on a large proportion of their products to finishing mills in Austria, which depended on the former for supplies. Efforts are now being made to free the Czecho-Slovak industry from Austrian control and to establish finishing works and other mills, which will enable all the operations of manufacture to be conducted in Czecho-Slovakia.

#### THE PORCELAIN INDUSTRY

The manufacture of all kinds of china and crockery is another former Austrian industry which is almost entirely concentrated in Czecho-Slovakia. The most important raw materials for this industry are found in Bohemia, in which province there are 55 factories. The existence of a body of well-trained workmen is another of the foundations of the industry. The pre-war production is estimated at 30,000 tons of a total value of from five to six million dollars. Of this output 58 per cent was shipped abroad, the export being comprised of approximately 7,960 tons annually of decorated or painted porcelain valued at \$2,100,000, about 6,000 tons of white porcelain of a value of \$776,000, and 4,550 tons of porcelain for technical use valued at \$770,000. At the present time nearly 85 per cent of the total production is being sent to foreign countries. The output has been restricted since the formation of the Republic by the shortage of coal and the difficulty of securing supplies of gypsum and other materials not produced in Czecho-Slovakia. New export regulations recently enforced confined the export of china to firms producing, painting or dealing in porcelain upon payment of a 3 per cent duty and supplementary charges varying from 20 to 120 per cent of the invoice price, according to the rate of premium at which the currency of the country, to which the goods are sent, is quoted as compared with that of Czecho-Slovakia.

#### THE TIMBER INDUSTRY

A review of the forest resources of Czecho-Slovakia was given in another part of this report. At the present time timber and manufactured wood products are considered along with sugar the best articles of export from Czecho-Slovakia. In Bohemia, Moravia and Silesia there are 805 modern saw-mills driven by steam and electricity and 1,853 saw-mills driven by water-power. The frame saws in these mills number 2,320 and the single saws 1,054. The saw-milling industry is developed to the same extent in Slovakia, there being 630 large saw-mills in the province and a great number of other wood-working establishments. The quantity of planks and

deals, which should be available for export from Czecho-Slovakia during the present year, is approximately 106,000,000 cubic feet. In addition there is a considerable industry in the Republic concerned with the manufacture of a variety of articles out of wood, a large proportion of which are exported abroad. The most important of these articles are furniture, barrels, packing cases, carriages, railway cars, matches, pencils, toys, musical instruments of resonance, wood and shingles. Tannin is produced from oak and pine, while resin is another product of the Czecho-Slovakia forests.

Toys and stringed musical instruments are manufactured mostly in villages near the German border, where the inhabitants work at home. There are also small manufacturers of these articles scattered throughout the Republic. Bohemia is well known for its pencils, which are manufactured at Budweis—the famous Koh-i-noor—and also in Moravia. The largest export of manufactured wood articles has, however, been in furniture, particularly the bent-wood furniture, which is known in Canada as “Austrian” furniture and of which large quantities were sent from Czecho-Slovakia to Canada before the war. There are ten firms manufacturing bent-wood furniture in Czecho-Slovakia and eleven firms making other kinds of furniture.

### THE PAPER INDUSTRY

Particulars regarding the pulp and paper industry of Czecho-Slovakia have been courteously furnished by the Czecho-Slovak Manufacturers' National Association, and should prove of interest to Canadian papermen, since the majority of the pulp and paper mills of the former Austro-Hungarian Empire are now located within the boundaries of the Republic of Czecho-Slovakia.

#### STATISTICS.

At the outbreak of the war the number of paper mills in the Empire of Austria-Hungary was 112, with 254 paper-making machines. These mills are now divided in the following manner among the independent states comprising the territory of the former empire:—

Country.	No. of Mills.	No. of paper making machines.	Annual production. Tons.
Czecho-Slovakia . . . . .	58	132	226,070
Austria . . . . .	40	94	153,000
Hungary . . . . .	1	2	3,460

The greatest development of the Austro-Hungarian paper industry during the period immediately preceding the war was on the territory at present comprising Czecho-Slovakia. Thus the number of paper-making machines on this territory in 1908 was 113, with an annual production of 164,740 tons valued at \$13,179,200, while since that date the number of machines has increased to 132 and the annual production to 226,070 tons. The total production of paper in the whole of Austria-Hungary in 1908 was 361,910 tons valued at \$28,952,800.

#### EXPORT SURPLUS.

The present situation as regards the annual production and consumption of paper in Czecho-Slovakia and the surplus available for export is as follows:—

	Quantity. Tons.	Estimated Value. Czecho-Slovak Crs.
Annual production . . . . .	226,070	1,582,490,000
Annual consumption . . . . .	154,420	1,080,940,000
Surplus for export . . . . .	71,650	501,550,000

\* Pre-war value of crown=20.26 cents.



## FAVOURABLE CONDITIONS.

The conditions in Czecho-Slovakia have been favourable to the development of the paper industry. Although without the same amount of potential water-power and timber resources as Scandinavia, the country has the advantage of central situation and proximity to principal consuming markets. The excellent transport facilities by railway and by the Danube and the Elbe river systems and the extensive forested area near-deposits of good quality coal have been the chief factors governing the development of the industry.

About 32 per cent of the entire area of Czecho-Slovakia is wooded, the forests covering about 12,500,000 acres. Three-fourths of the forests in Bohemia, Moravia, and Silesia and one-third of the forests of Slovakia are comprised of trees of the pine and fir species, spruce and other trees suitable for paper-making being common. With the exception of a few special materials, such as oil, colophony, aniline colours and pyrites, the paper industry of Czecho-Slovakia may be said to be independent of foreign countries for supplies.

## DEVELOPMENT OF THE INDUSTRY.

The paper industry was first established in Bohemia in the fourteenth century, when Charles IV brought in paper-makers from Italy. The invention of the printing press gave a great incentive to the industry, and Bohemia became one of the chief paper-producing countries of Europe. At the beginning of the nineteenth century mechanical paper mills were established in the Prague district and were followed by others throughout Bohemia, Moravia, and Silesia. The export trade increased rapidly, and during the period immediately preceding the war most of the mills were reconstructed and new and up-to-date machinery installed with a view to increased output.

The recent enlargement of production has been due also to the establishment of large new mills, such as the Spiro newsprint mill at Cesky Krumlov in Bohemia, which was built in 1913 and has available water-power up to 13,000 h.p., and two other large mills in Slovakia.

## PULP PRODUCTION.

All of the paper mills produce mechanical pulp for their own needs and some have a surplus for export. There are twenty-three independent grinding mills and six other separate mills owned by paper companies. A large quantity of chemical pulp can be exported. There are two large cellulose mills in Slovakia and one in Silesia, each of which has a capacity of from 15,000 to 18,000 tons of sulphite. There are two other small independent chemical pulp mills and thirteen mills operated in conjunction with paper mills to supply their requirements.

## SPECIAL BRANCHES OF THE INDUSTRY

The paper industry of Czecho-Slovakia is very diversified, and many special kinds of paper are manufactured besides newsprint and other ordinary grades. There are forty-four factories producing pasteboard, the output before the war being approximately 25,000 tons a year, besides a considerable output of wood pasteboard. A large part of this is exported. Parchment paper is produced in the Prague district to the extent of 3,000 tons annually, chiefly for export. The annual production of cigarette paper and cigarette tubes is about 4,000 tons, of which 90 per cent are exported. There are five firms engaged in this trade. There are also many firms occupied in the production of a variety of paper objects, such as bags, cardboard boxes, cigarholders, etc.

## PRINCIPAL PRODUCING FIRMS

The following notes relative to the principal firms engaged in the production of pulp and paper in Czecho-Slovakia should be of interest to Canadian paper producers. The particulars are taken from the *Czecho-Slovakia Compass* for the year 1920:—

*"Elbemühl" Papermaking and Publishing Company.*—Founded in 1873, capital 5,400,000 crowns. Offices at Arnau, Bohemia, on the River Elbe. Acquired in 1896 by St. Polten Paper Mills in Lower Austria..

Paper mills at Arnau and Gutmuths, Bohemia, 8 turbines, 850 h. p., run by water-power, three paper-making machines, 1780, 1750, and 1600 mm. wide. Yearly production 4,500 tons finest grade writing, note, concert and newsprint paper. Reconstruction work begun in 1912.

St. Polten mills in Lower Austria working with 110 h. p. water-power and two paper-making machines, 1,600 and 1,300 mm. wide. New turbine added in 1911. Produces one-sided polished paper and newsprint of finer grades. Annual production, 2,500 tons.

Pulp mills at Arnau completely rebuilt in 1912.

Another Bohemian paper and sulphite mill added to the enterprise in 1914 by purchase. This mill has 300 h. p. steam-power, 3 sulphite cookers, 2 paper-making machines, 1,450 and 1,600 mm. wide. Production, 2,500 tons a year one-sided glazed paper.

Total production of the enterprise in 1915 was 9,118 tons of paper, 2,402 tons of sulphite, and 2,244 tons of wood pulp..

*The Prague Paper Mills Co., Ltd.*—Offices in Prague, capital 3,500,000 crowns. Formed in 1910 by consolidation of Prague Parchment Paper Company and Austrian concerns. Factory, for cigarette, silk and copy paper, at Wran, on the river Moldau, with three paper machines. Parchment paper mill at Prague.

*Olleschau Paper Making Company, Brunn.*—Capital 3,000,000, founded in 1905, produce specialties such as fine cigarette papers, tubes, etc.; considerable export; 250 h. p. water-power, 3,000 h. p. steam-power, three paper machines.

*Hermanetz Paper Making Company.*—Founded in 1906, capital 4,000,000 crowns, paper mill in Slovakia, 2,500 h. p., producing newsprint, writing, blotting and drawing papers, cardboard, linen paper, sulphite and mechanical pulp.

*Moldaumühl Paper and Pasteboard Company.*—Kienberg, Bohemia, founded in 1911, authorized capital 6,000,000 crowns. The company has at Kienberg a sulphite mill, pulp mill and paper mill, with three turbines hydraulic, 1,000 h. p., 1 steam turbine, 450 k.w., 4 sulphite cookers, 5 paper machines, another pasteboard and factory at St. Prokop, with 3 hydraulic turbines, with a total of 2,100 h. p., 2 high-power heaters, 1 cardboard machine, 1 paper machine.

*Rosenberg Wood Pulp Company.*—In Slovakia, founded in 1884, mill with 4 hydraulic turbines, 930 h. p., 9 pasteboard machines, 1,100 mm. wide, 8 beaters with 66 pressers, producing wood pulp and pasteboard for export.

*Slovakian Paper Making Company.*—Rosenberg, capital 2,500,000 crowns, founded in 1906. A sulphite mill with four cookers, a paper mill, with three paper machines, producing 10,000 tons a year, operated by steam-power, 3,800 h. p.

*Bielathal Paper Company in Sandhudel in Silesin.*—Founded in 1870. Paper Mill with steam-paper, 500 h. p., 1 paper-making machine 2,100 mm. wide, producing ordinary writing and newsprint papers, 3,000 tons a year. Woodpulp mill with 3 turbines hydraulic 440 h. p., 3 beaters, with 12 presses, produces wet and dry mechanical pulp, 1,300 tons a year. Sulphite mill with 1 steam engine, 220 h. p., 4 cookers, annual production 2,200 tons.

*Zsolnaer Sulphite Company.*—Zilina in Slovakia, capital 4,000,000 crowns, founded in 1906. Sulphite mills with a production of 55 tons a day.

## THE SPIRIT INDUSTRY

The manufacture of alcohol is established on a large scale in Czecho-Slovakia and there is a substantial surplus available for export. There are 1,034 agricultural distilleries in the Republic producing raw spirit from potatoes or beetroot. The industrial distilleries number 56, of which 6 manufacture exclusively raw spirit, 18 are refineries, and 31 are combined establishments producing both the crude and refined spirit. The industrial distilleries utilize either molasses, which they obtain from the sugar factories, or beets, which they secure from the farmers. They are operated on a purely commercial basis and are of importance by reason of their production as by-product of potash, which is used by the glass industry. The prewar production of all the spirit distilleries was about 41,000,000 gallons a year. Owing to the requisition of potatoes for food purposes and the shortage of coal, the industry has recently been working under great handicaps. The production during the campaign of 1918-19 has about 4,400,000 gallons for the agricultural distilleries and a similar quantity for the industrial distilleries. The domestic requirements of the

country are approximately 5,720,000 gallons a year. At the present time the industrial distilleries are producing exclusively for export, leaving the agricultural distilleries to supply the home demand.

The export of alcohol is controlled by the Czecho-Slovak Spirit Commission. The refined spirit contains 96.5 per cent of pure alcohol and is used for the manufacture of brandy and liquors, for pharmaceutical and medical purposes, in chemical laboratories, in the manufacture of scent, dentifrice, essences, vinegar, etc., and in the Republic for the manufacture of methylated spirits and substitutes for benzine and other oil fuels, which must be imported from abroad.

#### THE BEER INDUSTRY

The brewing industry of Czecho-Slovakia is of great importance, and Bohemian beer—e.g. "Pilsener," "Budweiser," etc.—is renowned throughout the world. The conditions in Bohemia are especially suitable to this industry, since barley of excellent quality is grown in this province as well as the celebrated hops of the Eger valley. The water is also particularly suitable for the manufacture of beer. It is in Bohemia that the bulk of the beer exported from Czecho-Slovakia is produced.

Altogether there are 666 breweries in Czecho-Slovakia, and the total annual production in normal times is approximately 286,000,000 gallons. This was formerly about 52 per cent of the total production for the whole of Austria-Hungary. The breweries of Czecho-Slovakia are divided into 455 small breweries with a capacity up to 330,000 gallons a year, and which produced in normal times a total of about 49,500,000 gallons; 188 medium-sized breweries with a capacity up to 2,200,000 gallons, and which manufactured about 137,500,000 gallons a year; and finally 23 large breweries, which produced before the war a total of 99,000,000 gallons a year. The brewing industry employs when fully operating about 18,000 workmen and 2,000 other employees.

Of the total annual production approximately 27,500,000 gallons were exported before the war to foreign countries. Exportation was confined to certain special breweries, mostly of large size. There are 40 of these in Bohemia, 5 in Moravia, and 2 in Silesia. The largest brewery is in the town of Pilsen, with a production in 1913 of 22,432,190 gallons, of which over one-half was exported abroad. The breweries of Slovakia are not able to produce a sufficient supply for the needs of this province, and hence have no surplus for export. The best-known Bohemian beers are light-coloured, but in the Prague district a dark brown beer is made which is unexcelled even by Bavarian beers.

#### EXPORT OF HOPS

The brewing industry is closely related to the trade in Bohemian hops, which are noted for their high quality and are exported to nearly all beer-manufacturing countries. The climate and soil of the Eger valley in northwestern Bohemia around the town of Saar (Zatec) is pre-eminently suitable for the growing of hops. Other districts in Bohemia and to a small extent in Moravia are also devoted to hop culture. In 1912 the crop in Bohemia amounted to 22,960,000 pounds, which were raised on an area of 37,500 acres. Of this crop a large proportion was exported to Germany and a certain amount to other Western European countries and North America. The 1919 crop of hops in Bohemia and Moravia amounted to about 9,000,000 pounds, and large quantities have been shipped to Great Britain, the United States, France, Italy, and other countries. Export is under the control of the Hops Syndicate, to whom or to the Ministry of Agriculture intending purchasers should apply.

#### THE LACE INDUSTRY

Bohemian lace is known for its beauty, variety, and delicacy, and is made by women and girls in the villages of the mountainous Erzgebirge districts of northwestern Bohemia. At the present time the industry is suffering from the great lack



of thread. All kinds and shapes of hand-made lace are produced, including narrow and wide edging for trimming ladies' linenware, etc., insertions, triangles, squares, ovals, etc., and pillow lace.

#### THE LEATHER INDUSTRY

The Republic of Czecho-Slovakia retains about two-thirds of the leather industry of the former Austro-Hungarian Empire. There are altogether 260 leather factories in the Republic employing on an average 10,000 workmen. Tanneries for sole leather are chiefly concentrated in Moravia, northwestern Bohemia, and Slovakia; for other leathers in eastern Bohemia and the two eastern provinces. The capacity of the industry is the preparation weekly of 150,000 raw hides. Certain tanneries manufacture from 1,000 to 5,000 large hides a week in addition to many smaller hides and skins. These figures do not include the factories which are concerned with the preparation of glove leather from lamb, kid, and other skins, and which is a separate industry in itself. The principal products of the Czecho-Slovakia leather industry are sole leather, leather belting, chrome, calf, box-calf, and kid leathers.

Before the war fairly considerable quantities of leather were exported from the territory now comprising Czecho-Slovakia, especially to Eastern European countries. Production is at present greatly restricted by the shortage of raw hides and tanning materials. The number of horses, cattle, and sheep in Bohemia, Moravia, and Silesia decreased 25 per cent during the war, so that home supplies of hides are reduced. Jugo-Slavia and Hungary are the only countries from which hides have been secured, although arrangements are being made for obtaining supplies from the United States. The tanneries have undertaken to furnish sufficient leather during the coming year for the manufacture of 1,500,000 boots, but there will be a great lack of the finer leathers, such as coloured kids, patent and box-calf leather.

#### THE GLOVE INDUSTRY

The glove industry centred in the Prague district formerly supplied the markets of Great Britain, Germany, Russia and Scandinavia, the Balkans and North America with a large proportion of their total glove imports. About 85 per cent of the former Austrian glove industry is now located in Czecho-Slovakia, chiefly in Prague, while the cutting factories are in north-western Bohemia and Silesia. In the Prague district alone 20,000 skilled workmen in addition to many seamstresses were formerly employed in this industry and the annual output was about 3,000,000 dozen pairs of gloves. The average price per dozen pairs ranged before the war from \$4 to \$6. Over three-fourths of the total production was exported. The raw material, consisting of lamb, kid and other skins, was imported chiefly from Turkey and the Balkan States, India, and the United States. Owing to the almost total lack of imported supplies the leather glove industry of Prague is faced with a critical situation and production has been greatly restricted since the war.

#### THE BOOTS AND SHOES INDUSTRY

The territory of Czecho-Slovakia possesses over 75 per cent of the boot and shoe factories of former Austria-Hungary and the largest establishments are in the new Republic. The Association of Czecho-Slovak Footwear Manufacturers contains 200 members, most of which are located in Bohemia and Moravia. A large proportion of the total production of boots and shoes is destined for export and before the war these factories, besides supplying the former Empire, exported their surplus to the Balkan States, Russia, and a certain part to Germany, while they shipped many of the finer grades of shoes to Denmark, Great Britain, the Far East, and other countries. The normal production of the Czecho-Slovak factories is about 100,000 pairs a day or 31,200,000 pairs a year of different grades of boots and shoes. At present the output is restricted on account of the leather shortage, but is constantly increasing, and export

is being resumed with most of the countries to which footwear was shipped before the war. Arrangements are being made with France and Great Britain with a view to exchanging finished footwear for supplies of leather. The reputation of Czecho-Slovak footwear abroad is in large measure due to the excellence of Bohemian tanned sole leather, which is considered to be without a rival.

#### THE CHEMICAL INDUSTRY

The chemical industry of the former Austro-Hungarian Monarchy is now almost entirely concentrated in the Republic of Czecho-Slovakia. The majority of the works are situated in the valley of the Elbe from Aussig as far as Kolin and in that of its tributary, the Moldau, up to Prague. Other chemical factories are located at Pilsen and Budweis and in northern Moravia and Silesia. One of the largest establishments is at Vysocany, a suburb of Prague, while at Karlin, another suburb, there are large works producing carbonic acid. One of the establishments with the most diverse production is situated near Prague and manufactures artificial fertilizers, sulphuric acid and nitric acid and mineral colours. This is also the only factory in the Republic producing aniline colours. The possibility of again obtaining supplies of raw material from abroad has permitted the chemical works to resume production, although still upon a restricted scale.

#### ARTIFICIAL FERTILIZERS

The production of artificial fertilizers is the most important branch of the Czecho-Slovak chemical industry. Super-phosphates, bone-dust and compound manure are the chief products manufactured, while certain of the factories also make various chemical combinations. The raw materials consist chiefly of phosphate and other imported products, only small quantities of bone and pyrites being obtained locally. The average annual production of Thomas' meal before the war was 150,000 tons in two large works near Prague and one in Moravia. Sulphate of ammonia is obtained as a by-product of coke-works and potash factories and the output in 1913 was 40,000 tons, of which about three-fourths was exported. The manufacture of bone-dust amounted in 1913 to about 10,000 tons. A factory has recently been established for the making of nitrous argil with a capacity of 30,000 tons a year. Czecho-Slovak agriculture has greatly suffered through the lack of artificial fertilizers, but the importation of raw materials for the above factories and of Chile saltpetre, alkaline manure, etc., is now being recommenced upon a fairly considerable scale.

#### POTASH AND BY-PRODUCTS

The supply of potash is of great importance to the Czecho-Slovak glass industry. The production is closely associated with the distilling of alcohol from molasses. The output is therefore dependent upon the supply of molasses from the sugar refineries. The present capacity is about 800 tons a month, of which half is required for domestic purposes and the remainder is available for export. The potash industry is largely dependent upon the activity of the large works at Kolin for the production of caustic soda, which yield vinasse coal as a residue. This factory also produces 120 tons a month of sulphate ammonia for use in agriculture and a quantity of sodium cyanide, of which a shipment has recently gone forward to the United States. The by-products of refined potash are the salts of potassium and sodium, of which a certain proportion is normally exported.

#### COLOURS

The production of varnishes and lacquers is considerably developed in Bohemia and Moravia. There are also a number of factories making chemical colours from a mineral base, such as zinc, chrome colours, etc., bronze colours, writing inks and colours for printing and lithographing. A specialty is the manufacture of colours and glazing materials for the porcelain industry.

## OTHER CHEMICAL PRODUCTS

The preparation of medicaments is an important branch of Czecho-Slovak industry. There are also many large soap works in Bohemia, but since the outbreak of the war production has been greatly restricted. The manufacture of vegetable oils and essences is another industry which is greatly developed and the products of which were exported before the war. Large factories for this purpose are located at Prague, Brunn, Aussig and other centres. Shoe polish was also an important article of export from Bohemia and Moravia before the war. The production of candles, which was formerly considerable, is at present restricted like that of soap owing to the shortage of paraffin. Starch is manufactured chiefly in Moravia, but here also lack of raw material precludes the possibility of resuming export or even to supply the whole of the demand of the domestic textile industry. Explosives are manufactured in Czecho-Slovakia, one of the largest factories being located at Bratislava (Pressburg). A considerable quantity of glue is produced, chiefly in conjunction with the preparation of artificial fertilizers from bone. The extract of glue from hides and skins is much less developed.

## METALS AND MACHINERY INDUSTRY

The manufacture of metals and machinery is an extensive industry in Czecho-Slovakia and includes nearly all branches of the iron and steel and machinery trades. The stimulus of war orders led to a great increase in output since 1914, and although production has been attended with certain difficulties since the formation of the Republic, it may be said that this industry has been operating more under normal conditions than any other. Some establishments doubled their capacity during the war, and in all cases improved equipment has been installed and the works brought up-to-date. The factories are now full up with orders for nearly a year in advance. Large orders have been placed with Czecho-Slovak firms for reconstruction equipment required for France and Belgium, while machines and metal goods are being supplied to Jugo-Slavia, Roumania, Bulgaria and Poland on a compensation basis. This industry is particularly looking for the development of its future trade to Southern and Eastern Europe, and especially to the restoration of normal commercial relations with Russia.

## AGRICULTURAL MACHINES

There is a large demand from abroad for Czecho-Slovak agricultural implements and machines, and a considerable business in ploughs has already been done with Bulgaria, Roumania and other countries. Nearly all lines are manufactured as outlined in the former section of this report, when dealing with the openings for imported agricultural machines.

## MOTOR CARS

The motor car factories in Czecho-Slovakia are working at full capacity, and some have also commenced to make tractors. The principal makers of motor cars are the firms of Prague, Laurie & Klement, Walter, Tatra, J. O. Jech, and Brozik of Pilsen. The industry was stimulated by the holding of an International Motor Car Exhibition at Prague in August last.

## ROLLING STOCK

Rolling stock is manufactured in Czecho-Slovakia in quantities sufficient to permit in normal times of a surplus for export, but owing to the deficiency of locomotives and cars the works are at present full up on orders for the Czecho-Slovak railroads. An order has lately been taken, however, for supplying Roumania with 80 new locomotives and repairing 500 old ones within three years' time. The present manufacturing capacity of the works is about 152 locomotives and 14,000 railways cars a year.



The Skoda engineering works at Pilsen have recently installed the necessary equipment for making locomotives at the rate of forty a year. The works of the Cesko-moravska Tovarna na stroje at Prague are able to turn out seventy-two locomotives annually, and the capacity of the Strojirny company is about forty a year. The largest railway car builders are the Ringhoffer company of Smichov, Prague, who will make 6,190 cars during the coming year. The Koprivnicka Vozovka company expects to turn out 4,000, the Studencka Car Company 2,400, and two other companies about 1,400 and 500 respectively.

#### ELECTRICAL EQUIPMENT

The electro-technical industry is fully occupied in supplying the demand for machines and apparatus resulting from the great extension of electrical plant in Czecho-Slovakia. Many works are being enlarged so as to render the country independent of imports from Germany. A company has recently been organized with Government co-operation for the purpose of manufacturing telegraph and telephone apparatus and equipment, which up to the present has had to be mostly imported from Germany and Austria.

#### LARGE METALLURGICAL WORKS

The well-known Skoda works of Pilsen, Bohemia, is the largest metallurgical establishments in Czecho-Slovakia, and furnishes employment for over 12,000 workmen. All kinds of metal products are manufactured by this concern, but it is especially noted for its cast-steel products, which were formerly sent to Italy, Germany, Holland, Denmark, France, Russia, Japan, Great Britain, and other countries. The other manufactured products turned out in quantities include munitions, sugar refinery and general factory equipment, iron and steel bridges, tractors, locomotives, agricultural implements, cranes, hydraulic presses, turbines, pumps, and mining machinery and equipment. Besides these manufactured products the other departments of the Skoda works show an annual production of the following quantities:—

	Tons.		Tons.
Cast steel.. . . . .	20,000	Aluminum.. . . . .	500
Electrically converted steel.. . .	4,000	Forgings, large.. . . . .	25,000
Ingots and billets.. . . . .	100,000	Forgings, small.. . . . .	30,000
Pig iron.. . . . .	10,000	Railway car axles mounted.. . .	21,600
Bronze.. . . . .	1,000	Cog wheels.. . . . .	5,000

The Skoda works have recently been reorganized and the capital increased from 72,000,000 to 144,000,000 crowns to permit of the participation in the enterprise of the French engineering and munition works of "Le Creusot." The latter furnishes a large proportion of the increased capitalization. The reorganized company will, through this close relation to French interests, secure large orders for machinery, steel and iron products required in devastated areas of France, especially for sugar refinery and general factory equipment.

#### CONCLUSION

The survey which has been made of the principal manufacturing industries of Czecho-Slovakia serves to illustrate the great extent to which industry has been developed on the territory of the Republic. It is seen that Czecho-Slovakia is self-supporting in respect of practically all lines of manufactured articles and that in many lines there is a substantial surplus available for export to other countries. For the latter reason the particulars given in the industrial survey should be of interest to Canadian manufacturers.

# PRESENT TRADE SITUATION IN AUSTRIA

## I.

### Introduction

Vienna, July 18, 1920.—The present economic situation in Austria may only be characterized as abnormal and is not based on stable foundations. The country is dependent for essential foodstuffs largely upon supplies sent from foreign countries on credit. Owing to the extreme shortage of coal, which must also be mostly obtained from abroad, the industries and railways are crippled, while the former are also unable to purchase the necessary amount of raw material to permit of the resumption of industrial operations upon a large scale, even if the coal was available. The financial position of the state is such that in spite of the unduly heavy taxation, loans must be resorted to for meeting the deficiency between revenue and expenditure and for arranging the purchase from abroad of essential food supplies. Under these circumstances it is difficult to estimate at present the prospects for the development of future trade with the new Republic of Austria, but Canadian firms will no doubt be interested in a survey of the trade and industries of that country within its greatly restricted boundaries as constituted by the Peace Treaty.

### THE NEW REPUBLIC OF AUSTRIA.

The former Empire of Austria, exclusive of the Kingdom of Hungary, had before the war an area of 115,500 square miles and a population of 28,567,898. The new Republic of Austria has an area of 32,418 square miles and is thus about as large as Lake Superior. The total population is approximately 6,500,000, of which a little over 2,000,000 live in the city of Vienna. The new republic retains, with the exception of minor boundary adjustments, the whole of the Provinces of Lower and Upper Austria, comprising the hilly territory on both banks of the Danube. There are also included within the present boundaries of Austria, the Alpine regions of Salzburg, North Tyrol and Vorarlberg and a large part of the Provinces of Styria and Carinthia, which comprise the eastern extremities of the main chain of the Alps. The southern districts of the two last provinces have been assigned to Jugo-Slavia, while the greater part of the Tyrol now belongs to Italy, only the northern districts along the valley of the Inn remaining to Austria. On the other hand a considerable stretch of territory in West Hungary has been allocated to Austria by the Peace Treaties. This district is exceptionally fertile and supplies Vienna and other Austrian towns with agricultural products.

It is thus seen that with the exception of the hilly districts in the valley of the Danube and along the eastern boundary, the new Austria is almost entirely mountainous, resembling Switzerland more than any other country. Agrarian and pastoral pursuits form the chief occupation of the inhabitants. Manufacturing is considerably developed at Vienna and is also carried on to a certain extent in Gratz, Wiener Neustadt, Linz and a few other centres, but elsewhere is unimportant. The New Austria has extensive forest resources and the timber and paper industries are of importance. There are deposits of brown coal in West Hungary and elsewhere, but these are able to supply less than 15 per cent of the domestic coal requirements. On the other hand Austria has abundant potential water-power estimated at over 1,700,000 horse-power, awaiting the necessary capital and initiative for development. The utilization of these water-power resources would solve in large measure the pressing problem of coal supplies for Austrian industries.

## THE FOOD POSITION.

The economic problem of Austria would be relatively simple were it not for the necessity of providing foodstuffs for the large population of Vienna. The rest of the republic, being chiefly agrarian, would be practically self-supporting in regard to most food supplies. There is, however, the further complication that a large proportion of the total population are not engaged in productive pursuits. According to the editor of the *Austrian Economist* only about 3,150,000 out of the total population of Austria, amounting to 6,500,000, are actually productive. Of these about 1,400,000 are engaged in forestry and agricultural occupations, 1,000,000 in manufacturing and trades, 500,000 in commerce and traffic, and 250,000 in public service and the various intellectual professions. About 1,000,000 of all these working people live in Vienna, being engaged almost exclusively in manufacturing, trading, and in the liberal professions. The remainder of the population of the Republic is comprised of women and children and the considerable class of pensioners, retired men and others living on annuities. The greater part of the latter live in Vienna and the provincial centres such as Gratz, Salzburg, Innsbruck, Linz, etc.

Before the war the agricultural production on the present territory of the Republic yielded an average harvest of 790,000 tons of wheat and rye and 650,000 tons of barley, oats, maize and buckwheat. These two figures together represent a deficiency of about 1,750,000 tons of grain and fodder below the normal requirements of the country. The average crop of potatoes is 1,300,000 tons, which is about 700,000 tons below the requirements. The prewar yield of leguminous vegetables was about 18,700 tons, which is only a little more than a quarter of the normal domestic demand. With regard to cattle breeding the Alpine districts of Austria formerly reared more than was required in the territory of the present Republic, but owing to the large number of live stock killed during the war there is now also a great deficiency of meat, milk and other animal products. There is an absolute lack of home-produced sugar, since sugar beets are not grown in Austria. It is thus seen that present Austria is dependent to a large extent upon supplies of foodstuffs and fodder imported from foreign countries.

## GEOGRAPHICAL SITUATION.

The Republic of Austria is a long narrow country, which broadens considerably in the eastern half, so that it is almost triangular in shape. It occupies a central situation, bordering on six other European countries. On the east there is Hungary, on the north Czecho-Slovakia and Germany, on the west Switzerland, while on the south the boundary is contiguous with that of Italy and Jugo-Slavia. The central situation of Austria may have a considerable influence on the future trade of the Republic and the continuation of the importance of Vienna as a distributing centre for south-east Europe.

Most of the eastern ranges of the Alps are in Austrian territory and mountains cover the greater part of the Republic, extending almost up to the eastern boundary, where they merge into the great plain of Hungary. The north-east corner of Austria is comprised of the two fertile Provinces of Lower and Upper Austria. This is the hilly region of the Danube Valley and is the most thickly settled part of Austria. The river Danube enters Austrian territory at Passau, where it is joined by the Inn, and flows in a west to east direction for a distance of over 200 miles, leaving the territory of the Republic just above the Czecho-Slovak town of Bratislava (Pressburg). Throughout this distance the Danube is navigable and is the main artery of traffic from west to east. Vienna has owed its importance as a commercial centre to its strategic situation at the point where the main trading-route from the Baltic to the Adriatic crosses the great highway of the Danube.

## IMPORTANCE OF VIENNA AS A TRADE CENTRE.

Vienna is the capital and the most important city in the Republic. Before the war this city was the chief commercial and financial centre of the Austro-Hungarian



Empire. Vienna is a magnificently built city of over 2,000,000 inhabitants, with many splendid public buildings, palaces and private residences and beautiful parks. Having been the ancient capital of the Austrian Empire, it has long been one of the leading European centres of art and culture. The city is situated in the east of Lower Austria and is almost entirely on the right bank of the Danube at the base of the Wiener Wald, a heavily wooded range of hills. On the other side of the Danube stretches the great level plain of Vienna.

Numerous and important industries are centred in Vienna, among the principal being the iron and steel industry; the manufacture of machines, tools and scientific instruments; the making of jewellery and articles of gold, silver, bronze and tin; silk, linen, wool and cotton weaving; manufacture of carpets and clothing; furniture and leather goods manufacture; chemical works and breweries. Vienna was also the chief grain and cattle market of former Austria. It is, however, largely to its importance as a financial and a commercial centre that the city owed its great prosperity before the war.

Since the time of the Crusades Vienna has been one of the chief emporiums for the exchange of commodities between the industrial West and the agricultural East. Several of the most important trade routes in Europe converge at Vienna. Thus there is the well-known route from the Baltic through the Moravian Gap in the Carpathians to the Danube and which continued on through the Semmering Pass and the valley of the Mur gives the easiest access to the Adriatic at Trieste. From North Germany there is a direct route to the Danube at Vienna by the pass of the Elbe river. The Danube is the most important highway of all and has for centuries served as the main trade route from west to east.

#### PRESENT POSITION OF VIENNA.

The above review indicates the principal reasons for the importance of Vienna as a trade centre before the war. The dismemberment of the Austro-Hungarian Empire has had serious effects on the commercial and financial influence of this city. It is of great interest to Canadian firms desirous of developing trade relations with the countries of Central and Southeast Europe to study to what extent Vienna is likely to recover its prewar importance as a distributing centre.

A glance at the map will show that Vienna is situated in the extreme northeast corner of the Republic of Austria and that it is cut off from adjacent territory on both the north and east by the new political boundaries. The territory of the Austro-Hungarian Empire, which up to 1918 was included in one Customs Union, is now divided among seven different states, viz.: Austria, Hungary, Czecho-Slovakia, Italy, Jugo-Slavia, Poland and Roumania, each of which has its own customs tariff and stringent import and export regulations. The railway system of the former Empire was composed of lines radiating from the leading commercial centres, Vienna and Budapest. Each of the seven states above mentioned is now endeavouring to consolidate its own railway system in accordance with the changed political conditions, thereby directing traffic away from Vienna and Budapest to their own commercial centres. The creation of Czecho-Slovakia as an independent State has cut Vienna off from a large extent of productive territory which was formerly tributary to it commercially and financially. The inclusion of the Danube port of Bratislava (Pressburg) in Czecho-Slovak territory has seriously challenged the position of Vienna as the chief entrepot for the traffic to and from the East by the river Danube. The Czecho-Slovaks are making every effort to develop the port of Bratislava and to attract traffic to this port to the disadvantage of Vienna. Before the war the river traffic at the latter port amounted to over 1,750,000 tons a year.

The dismemberment of the Austro-Hungarian Empire has also affected the position of Vienna as a financial centre. Thus before the war most of the principal industrial enterprises of Bohemia, Moravia and Silesia, which now form part of

Czecho-Slovakia, were financed and administered from Vienna. The Czecho-Slovaks are now bringing pressure on these concerns to move their administrative offices to Czecho-Slovakia. Similarly before 1914 a very large share of the trade of the Danube basin and the Balkan States was financed from Vienna. This city was the fourth most important financial centre of Europe. The states which have fallen heirs to the territory of the former Empire are now striving to free themselves from commercial and financial dependence on Vienna.

#### ADVANTAGES OF VIENNA.

It is thus seen that the new delimitation of political boundaries in Central Europe has very disadvantageously affected the commercial position of Vienna. It is not probable that any scheme for an economic federation of the Danube States, as is being advocated in certain quarters, will be realized in practice, so that the conditions above outlined will have to be allowed for in considering the extent to which Vienna will serve as a distributing centre in the future. There are many compensating advantages in favour of this city in its struggle for existence as the most important trade centre of the Danube basin. First there is the unexcelled geographical situation at the point where several trade routes from Central Europe converge on the Danube. Secondly, there is the experience and organization of the financial and commercial houses, which should enable them to retain a large share of the business of the Danube basin. The gradual modification of present trade restrictions should result in a revival of the entrepot business of Vienna houses in the trade between Western and Southeast Europe, although no doubt to a more limited extent than before the war. The possibilities of this centre for the distribution of goods throughout the countries of the Danube basin should therefore not be overlooked by Canadian firms.

#### PROVINCIAL CENTRES.

The life and commerce of the Austrian Republic are centred in Vienna to a degree surpassed by few other countries, but the mountainous nature of the country gives considerable local importance to the provincial centres, so that a brief résumé of the more important other towns would appear desirable. The second largest town in the republic is Gratz, which had a prewar population of 151,670. It is the commercial centre of the Eastern Alpine region and the capital of the province of Styria. Gratz is beautifully situated on the river Mur, and being one of the pleasantest of Austrian provincial centres, is frequently chosen by retired public servants as a residence. There are a number of factories of machinery, paper, cloth, leather, beer and sparkling wines.

Linz is the capital and the chief centre of Upper Austria. It is picturesquely situated on the right bank of the Danube and has a prewar population estimated at 67,860. Linz is the distributing centre for a considerable extent of fertile and thickly settled territory. The chief town of the Austrian Tyrol is Innsbruck, with a prewar population of 53,200. It is situated on the river Inn and is surrounded on all sides by lofty mountains. Innsbruck is a prosperous town and is the commercial centre for all the western part of Austria. Salzburg (prewar population 36,210) is one of the most beautifully situated towns in Europe. It is a favourite place of residence for retired public servants and is the most important town in Central Austria. The town of Wiener Neustadt (prewar population 36,150), 30 miles south of Vienna, deserves mention by reason of its important industries, including locomotive, iron, leather, and other factories. The most important town in the province of West Hungary, which has been lately added to Austria, is Oedenburg or Sopron, with a prewar population of 33,700, and the centre of an agricultural district.

## POPULATION.

The great majority of the inhabitants of Austria belong to the German race. Germans account for over four-fifths of the total population of Vienna, and of the remainder about half are Czechs and other Slavs. There is also a considerable Hungarian element in Vienna. The other towns have almost exclusively a German population.

## II.

## COMMUNICATIONS.

Besides the facilities afforded by the river Danube, Austria is fairly well provided with means of communication by railway, although the mountainous nature of the country has presented great engineering difficulties. The main chain of the Alps is crossed by four different routes providing connection between Austria and Italy and Jugo-Slavia to the south. The most important of these is the main line of the famous Southern Railway, which was constructed to connect Vienna with the Adriatic at Trieste. It is remarkable both for the boldness of its engineering and the excellence of its construction. The whole distance from Vienna to Trieste, 366 miles, is double tracked. This important artery of traffic, affording the main outlet from Central Europe to the Adriatic, is now divided between Austria, Jugo-Slavia and Italy, approximately 175 miles being in Austrian territory. The first section of the line is that known as the Semmering Railway, which, constructed in 1848-54, was the first of the great Alpine railways. Forty-six miles after leaving Vienna the line crosses the Semmering pass and descends into the valley of the Mur, which river it follows past Gratz, entering Jugo-Slavia near the Drave river.

Another railway route connecting the Danube provinces of Austria with Trieste is that which pierces the Karawanken mountains, dividing Austria from Jugo-Slavia by a tunnel nearly five miles long. This line commences to ascend the pass south of the town of Klagenfurt, which is reached from Vienna or Linz by a number of lines through the Alpine valleys of central Austria. From Salzburg the Tauern Railway runs south and penetrating the mountains by a tunnel over five miles long reaches the valley of the Drave, which it follows to the industrial town of Villach, from whence connection is afforded by the Karawanken Railway with Trieste, or with Italy by a line to the west. The Tauern Railway was constructed to provide a shorter and more direct route from Southern Germany to Trieste. The fourth railway route across the Alps is that of the well-known Brenner Pass, which extends south from Innsbruck to the South Tyrol. The new boundary between Austria and Italy crosses the Brenner Pass, so that most of this line is now in Italy.

The hilly districts on both banks of the Danube and south of Vienna is well served by the system of the Austrian state railways, and numerous lines follow the most important valleys between the mountain ranges. Connection between eastern and western Austria is afforded by a line to Innsbruck. This line is continued up the valley of the Inn, thence over the Arlberg pass by a tunnel over six miles long, and reaches the town of Bregenz and the Swiss frontier.

## RESTRICTED RAILWAY FACILITIES.

The above is a review of the main railway lines of the Republic of Austria. At the present time services are greatly disorganized by the shortage of coal, which has restricted passenger trains to the minimum absolutely necessary and has especially hampered the carrying of through freight for other Central European countries. As the above review indicates, three of the chief mountain railways of Austria were



constructed to afford a direct connection with the port of Trieste on the Adriatic. This port, which is now in Italian possession, depends for its prosperity on the traffic to and from Central Europe. Hence the disorganization of railway services in Austria has reacted unfavourably upon Trieste.

#### THE PORT OF TRIESTE.

Nearly 60 per cent of the total maritime trade of former Austria-Hungary passed through Trieste. In 1913 approximately 2,042,320 tons of goods were unloaded at this port from steamers and about 981,653 tons exported by sea. The railway traffic of the port amounted to 2,697,500 tons. A total of 14,174 ships of a total tonnage of 5,432,010 entered and cleared at Trieste during the same year. The former Austrian authorities had made great efforts to develop the facilities of the port and Trieste has over seven miles of docks, equipped with cranes and up-to-date harbour appliances. The harbour is divided into five separate ports, including two free ports, a customs port for trade with the interior, and special ports for the trade in lumber and petroleum.



Trieste, the Chief Port of the Adriatic.

The Italian Government is anxious to revive the traffic through the port of Trieste to and from Central Europe and with this end in view have come to an agreement with Austria whereby the latter country will have many facilities in the use of this port. Among other things it has been agreed that goods passing through the free port of Trieste to or from Austria will not be subject to any customs dues, export or transit taxes. The Austrian Government will have the right to maintain a customs office at this port. Warehouse facilities, oil tanks, etc., will be placed at the disposal of Austrian transport companies. The Italian Government will not obstruct any contracts for freight space which may be concluded with the navigation companies at Trieste and finally, should an Austrian navigation company later be formed, dock space and ground for shipyards will be granted by the Italian authorities. In return for these privileges the Austrian Government has agreed to direct through Trieste by all means possible the movement of trade to and from the Republic and also that of emigration. The railways of Austria will moreover facilitate the through traffic between Trieste and other central European countries by appropriate freight tariffs. For this purpose agreements have been concluded between the two Governments with a view to assuring the necessary supplies of coal for the operation of the Austrian railways connecting with Italian points. Finally the Austrian Government has agreed to direct through Trieste at least 50 per cent of the foodstuffs and other articles purchased by or falling under its control.

## TRADE ROUTES.

The above agreements concluded between the Austrian and Italian Governments should have an important bearing on the future movement of trade with Central Europe. It should result in the revival of Trieste as one of the chief ports for merchandise shipped to or from Austria, Czecho-Slovakia, Jugo-Slavia, Hungary and Southern Germany. Since the end of the war a large part of the supplies imported into Austria from North America have passed through Western European ports. The route through Rotterdam, thence up the Rhine to Frankfurt and from there by rail to the Danube at Ratisbon, Bavaria, from thence by barge or steamer to Austria, has been utilized to a considerable extent, or else the goods have been shipped to a French or other Western European port and from thence direct by rail to the Danube or Austrian destination. Henceforth the route through Trieste, which has the advantage over all others of quickness, should be availed of to an increasingly greater extent.

## DANUBE NAVIGATION.

The transport of passengers and freight on the Austrian Danube is provided by several navigation companies with large fleets of steamers, tugs and barges. The most important Austrian company is that known as the Danube Steamship and Navigation Company, (D.D.S.G.), which operates passenger and freight services from Ratisbonne, Bavaria, to Budapest, Hungary, and by recent arrangement also extends its cargo services to the Jugo-Slav section of the Danube. The South German Steamship and Navigation Company operates passenger and freight boats between Bavaria and Vienna, while the section between Vienna and Budapest is served also by the Hungarian Sea and Navigation Company.

A British syndicate has recently secured a substantial interest in these three navigation companies, having secured an option on 40,000 shares of the first-named Austrian company, all the shares of the South German company which are in the possession of the Austrian Government, and a majority of the shares of the Hungarian company. The services of these companies have been greatly restricted by the loss of steamers and barges during the war and given in compensation to the Jugo-Slav Government. The British syndicate, which includes shipbuilding interests, will provide the necessary capital for the replacement of these losses.

Other companies operating on the upper and middle Danube include the Bavarian Lloyd, a Jugo-Slav and a Czecho-Slovak company.

Vienna is equipped with docks, warehouses and up-to-date facilities for the handling of freight transported by the river. At the present time the Danube services are curtailed by the lack of coal and this is the most important factor governing the resumption of normal traffic on the Austrian section of the Danube.

## COAL SUPPLIES.

After that of foodstuffs, the solution of the coal supply problem is the most essential to the reconstruction of the economic life of Austria. The shortage of coal precludes the possibility of normal industrial output and has severely hampered the transport facilities of the country, besides bringing untold hardship on the population of the lesser towns.



It is estimated that the amount of coal necessary for the normal requirements of industries, traffic and home consumption in the Republic of Austria is approximately 1,200,000 tons of good quality coal a month, distributed as follows among the principal groups of consumers:—

	Tons.
Traffic.. . . .	320,000
Gas, water and electrical works.. . . .	127,500
Home consumption and small industries.. . . .	344,500
Food industries.. . . .	26,600
Other industries.. . . .	422,900
Total.. . . .	1,241,700

The production of coal on the present territory of Austria amounted before the war to about 230,000 tons a month, of which about 96 per cent is comprised of brown coal with only half the calorific value of hard coal. Present output of coal in the Republic, owing to social causes and abuse of the mines during the war, is less than 200,000 tons a month. It is thus seen that, estimated in terms of good quality hard coal, the present domestic production is only about 7 per cent of the normal requirements.

According to treaty obligations Austria is entitled to receive supplies of coal from the German Upper Silesian hard coal fields, which were before the war one of the chief sources of Austrian coal supply, and also certain quantities from Czecho-Slovakia and Poland. Owing to several reasons of world-wide application, however, actual deliveries have fallen short of the quantities specified in the treaties. The following table shows the monthly quantities which the Republic of Austria should receive from these sources and the actual quantities delivered during the month of April, 1920:—

	According to Treaty obligations. Tons.	Actual amount delivered. Tons.
Home production.. . . .	.....	158,930
From Germany.. . . .	144,000	157,580
From Czecho-Slovakia .. . . .	142,000	117,680
From Poland.. . . .	12,000	9,770
Total.. . . .	.....	443,960

The above supply of coal is about 36 per cent of normal requirements and 56 per cent of the minimum estimated absolutely necessary for the resumption of normal economic life in the Republic. The supplies from the Upper Silesian fields of Germany during April, although greater than the quantity stipulated for by the treaty, are only a little more than a third the amount received from this source before the war.

Owing to the reduction of coal supplies, the industries—railways, steamers, gas, water and electrical works—are receiving only about a half of the quantity of coal normally required, while during last winter the supply of coal for home consumption purposes was only about a fifth of that required. Evidence of the suffering entailed was to be seen at Vienna during every late afternoon this summer, when scores of women would return from the forests surrounding the city with heavy sacks of wood on their backs. The Government enforces rigid economies in the use of coal for household and amusement purposes.

#### IMPROVED POSITION.

Nevertheless the figures of coal supplies during the month of April show an improvement over the preceding winter months and this has been maintained during May and June. There has also been a greater regularity in deliveries. The result has been greatly beneficial to the operation of railways and factories, although still



far from permitting a return to normal conditions. The number of trains has been increased. More suburban trains can now be operated, while certain express trains are again being run, although in some cases only three times a week. There has also been a relaxation in the regulations for the domestic use of coal; thus the Vienna tramways may now operate up to half-past nine in the evening and theatres may remain open until ten o'clock. On the other hand, baths in hotels are still restricted to one day a week and the rationing of coal is strictly enforced.

#### RELIEF FOODSTUFFS.

The review of agricultural production, given above, indicated that Austria is only able to produce a small part of the essential foodstuffs required in the Republic. Since the Armistice the country has been in large measure dependent upon relief supplies arranged by the International Committee for Relief Credits, by charitable societies, and by the Hoover Mission. All danger of an actual famine in Austria was averted through the credits accorded by the United States, Great Britain, Switzerland, Holland, France, the Argentine, Denmark, Norway, and Italy. These were secured by bonds which are accorded priority over reparation payments.

A great deal of practical relief work is also being done by foreign charitable institutions. A large quantity of food is being distributed by various societies, milk stations are being maintained and a great number of children being fed daily. Certain societies have also imported milk cows from abroad.

The high prices affect especially those exercising free vocations, or the intellectual class, which in Vienna is so numerous. Traders are able to earn more by reason of the higher prices. The working classes and the public employees can tolerably exist, since by their organizations they are able to maintain higher wages. The intellectual class, on the other hand, are without the means of exacting more income and are being slowly ruined. Many are able to exist by the sale of furniture and personal belongings, but these sources of income are soon coming to an end. It would thus seem that the forward march of democracy has doomed the great intellectual class of Vienna, the seat of art and culture. Emigration is one solution, but from many of the countries to which they might emigrate Austrians are excluded.

### III

#### Financial Position.

The present financial position of the Austrian Republic is that of a state, heavily burdened with debt and with an annual deficit in spite of taxation greater in proportion to national income than that of any other country. Before the war Austria had a public debt of about 12,500,000,000 crowns. To this must now be added war debts at home of 70,000,000,000 crowns, a foreign war debt of 2,700,000,000 marks in Germany and about 2,000,000,000 crowns in neutral countries. The Peace Treaty ascribes to the Republic of Austria the whole of the foreign debt, while the home debt is to be divided up among the States whose territory comprised parts of the former Empire. Since the war the Republic has become further indebted for about 10,000,000,000 crowns of short-dated treasury bills, which are extended as they fall due, because otherwise the heavy expenses of the state could not be met. About \$150,000,000 of treasury notes have been issued with the concurrence of the Reparation Commission in payment for food supplies imported from abroad. According to the report of the Budget Commission the deficit for the financial year which ended on June 30, 1920, was approximately 10,550,000,000 crowns. It has been found impossible to cover this deficit, although the burden of taxation is becoming increasingly heavy. The steady rise in prices due to the depreciation of the crown led to increased wages and salaries

of state employees and increased operating expenses of railways, posts and telegraphs and state monopolies, which it was only possible to partly offset by increasing the tariffs of these public undertakings. The National Assembly is therefore now considering a number of new tax projects, including a levy on capital.

#### CIRCULATION OF BANK NOTES.

In accordance with the provisions of the Peace Treaty the Austrian Government stamped the notes of Austro-Hungarian Bank circulating on its territory. The circulation of bank notes with the Austrian stamp amounted at the end of May, 1920, to a total of 15,790,000,000 crowns. The exchange value of the Austrian crown depreciated during the winter on the Zurich exchange, which is the principal market for Austrian notes. The lowest point reached was 1·60 Swiss centimes. In the spring the rate fluctuated between 2·60 and 2·90 centimes until in May there was a marked improvement in the value of the crown, the rate rising to 4 centimes, but has since reached to around three and a half centimes. This latter rate is the equivalent of about 650 crowns to the pound sterling or about 175 crowns to the dollar.

#### EFFECT OF EXCHANGE FLUCTUATIONS.

These fluctuations in the exchange rate for the crown have had a deterrent effect on Austrian export trade and have not had any very great compensating effects on prices, which have generally maintained about the same level. This may be explained by the fact that the Austrian crown has not risen in comparison with the German and Czecho-Slovak exchanges, as the units of these countries have also improved, while it is from these countries that Austria has to purchase most of the coal and raw materials required for her industries. On the other hand the improvement in the exchange value of the crown has had a disastrous effect on those industries which have depended mainly on export. The foreign buyers, who had invaded Vienna, deserted this market as prices no longer permitted of profitable export to other countries. This particularly applied to such industries as the manufacture of furniture, motor cars, clothing, works of art, Vienna ornaments, etc., which had been developing a considerable export trade while the rate for the crown was low.

### IV

#### The Industries of Austria.

The present stagnation of the export trade in Austrian manufactured products must be regarded as transitory. As soon as the country can be assured of regular supplies of coal there should be a considerable surplus of furniture, paper, iron and steel products, rolling stock, machinery, toys, chemicals and motor cars available for export from Austria to the countries of Southeast Europe. With the exception of coal the bulk of the materials required for the manufacture of these products is found within the country. The leather and boot and shoe industries, which are also fairly extensive in Austria, are at a greater disadvantage, as they must import a very large part of the necessary raw material.

#### POSITION OF TEXTILE INDUSTRIES.

The textile industry of the present Austria may be described as the disintegrated part of a former whole. Only some of the stages of manufacture are carried on in Austria, others in Czecho-Slovakia. Thus of the former cotton industry of Austria-Hungary only 25 per cent of the spinning and 9 per cent of the weaving is now done in Austria. On the other hand the printing, bleaching, dyeing and finishing works are

chiefly located in this country. It is therefore necessary to import the yarn and woven goods from Czecho-Slovakia, which country will in time develop its own finishing works. Under such circumstances it may be seen that the Austrian manufacturers will not have a large surplus of cotton goods for export. In regard to the woollen industry Austria has 28 per cent of the spindles of the former Empire, but no weaving mills. The position is similar with regard to the jute industry, while the whole of the linen industry of Austria-Hungary is now located in Czecho-Slovakia. There will therefore be a large amount of textile articles which Austria will require to import from abroad.

#### FURNITURE AND PAPER.

The furniture and paper industries are in the best position to develop trade with foreign countries, as the raw materials for these industries are found in Austria and the productive capacity is greatly in excess of the home requirements. A large amount of bent wood and other furniture was exported from the present territory of Austria before the war. In the former Austro-Hungarian Empire there were 112 paper mills with 254 paper-making machines, of which 40 mills with 94 machines are now located in the Republic of Austria. The production of the Austrian paper mills in 1919 was about 153,000 tons.

#### TOYS.

Vienna has long been known as the centre of the toy industry, about 300 manufacturers of toys being located in this city. The finest and most expensive kinds are principally produced, such as mechanical animals, figures and like objects, which are greatly in demand abroad owing to their beauty and finish. The cheaper varieties of toys have been imported chiefly from Germany and Bohemia. At present toy-making in Vienna is almost at a standstill owing to lack of raw materials and difficulties of shipping abroad.

#### LEATHER INDUSTRIES.

The leather factories of the Republic of Austria have a capacity for the working up of 40,000 hides a week into soles and uppers. Of these about 6,000 hides may be obtained locally, while the remainder must be imported. Present importations amount to 4,000 hides a week so that the industry is only able to operate at one-fourth of capacity. Consequently the export of finished leathers and ready-made boots and shoes is restricted to about one-fourth of the present production, whereas in normal times the bulk of the output was available for export.

#### METALS AND MACHINERY.

The iron industry of the Republic is also closely related with that of Czecho-Slovakia. The principal producer of pig-iron is the Alpine Montan Company, which operates six blast furnaces, but is dependent upon supplies of coke from Silesia, which is now in Czecho-Slovakia. The shortage of coke enables only one blast furnace to be operated at present and Austria has to import pig-iron for the requirements of its rolling mills. The manufacture of iron and steel products is considerably developed at Vienna, Wiener Neustadt and other centres. Locomotives, railway cars, machinery and motor cars are also manufactured on a scale which will permit of considerable export when production on a normal basis can be re-established. The Austrian Daimler motor car enjoys a good reputation abroad. There are two large factories at Vienna producing agricultural implements and machines. One is the branch of a large North of England works, which has been established in Austria for nearly sixty years, and the other is an Austrian concern, which had built up a considerable business before the war. The new delimitation of boundaries has seriously affected the business of these two factories as the local demand for agricultural implements and machines is limited. The present production of all the Austrian plants manufacturing iron and steel products and machinery is greatly restricted by the shortage of coal.



## INVESTMENT OF FOREIGN CAPITAL.

The Austrian Government recognizes the desirability of attracting foreign capital to participate in the reconstruction of the economic life of the country. The greatest need is for capital to develop the abundant water-power resources of the republic and in this way to alleviate the fuel shortage. A great deal of preliminary work has been accomplished with this end in view and a number of projects are being examined by foreign financiers.

In the meantime the low exchange value of the Austrian crown has been taken advantage of by many foreign financial groups, who have purchased a substantial interest in some of the principal industrial enterprises of the republic. It is proposed to exempt foreign capital so invested from any levy on capital or other taxation of an exceptional nature. Swiss interests have been the most active in purchasing the shares of Austrian textile concerns. In this way the Voslau worsted spinning mills, the largest enterprises of its kind in Austria, and the Fez Manufacturing Company, another large woollen concern, have passed under Swiss control.

The well-known French Schneider Creusot works, who have made investments in the principal engineering companies of Czecho-Slovakia, have also acquired an interest in the large Austrian Mountain and Mining Company, who have iron and coal works in Austria, Czecho-Slovakia and Poland. The same French interests have also secured control of the Veitscher Magnesite Company, who have the most valuable magnesite mine in Austria and who formerly exported their products chiefly to North America.

Italian financiers have secured a large share in the ownership of the iron works belonging to the Alpine Montan Company, referred to above.

An Anglo-French syndicate have invested in the principal Austrian company manufacturing screws and forgings. English financiers, however, have shown the greatest interest in Austrian navigation and insurance companies.

In addition to securing a direct interest in Austrian industrial undertakings, foreign capital has also been instrumental in re-establishing factories on a working basis by providing raw material to be worked up into finished products, the factory being paid a certain sum as "manufacturing profit," but the whole of the output of finished goods being disposed of by the foreign syndicate who supplied the raw material. Swiss and Italian syndicates were the first to participate in this kind of business, particularly in the textile trade. Lately leading British financiers have formed the Anglo-Danubian Association, Ltd., for the purpose of transacting operations of this kind in Austria, Hungary and Czecho-Slovakia. This association will have a branch in Vienna and, having large funds at its disposal, expects to promote a considerable amount of industrial activity along the lines mentioned.

## THE TRADE OF AUSTRIA.

The necessity of having to import so large a proportion of the total amount of foodstuffs required renders highly important the resumption of exports from Austria on a large scale. During the year 1919 Austria was importing goods at the rate of about 900,000,000 crowns a month, of which about half came from the countries composing the former empire. The exports during the same year amounted to about 417,000,000 crowns a month, thus showing an unfavourable balance of trade of about 483,000,000 crowns a month. Mr. Walter Federn, the editor of the Austrian *Economist*, has estimated the cost of the foodstuffs and fodder which Austria should import in order to supply the normal requirements of the country at approximately 30,000,000,000 crowns a year, estimated at present prices. This considerable sum would have to be balanced by an export of the surplus products of the Austrian manufacturing industries. The industrial population numbers only about a million, while the factories depend to a large extent on fuel and raw material from foreign countries. It is thus seen that the maintenance of a trade balance will be a difficult problem for the new Republic of Austria.

## TRADE PROMOTION.

In order to rectify as much as possible the unfavourable balance of trade, the Austrian authorities are endeavouring to actively promote the sale abroad of the manufactured products of the republic. The freight rates on the railways are being revised in such way as to favour the development of export trade. Business delegations have been sent to certain allied countries for the purpose of re-establishing commercial relations. The bodies most active in this trade promotion work have been the Chamber of Commerce and the Commercial Museum at Vienna.

A party of representatives of Austrian manufacturers visited Great Britain in the spring under the leadership of Dr. Pistor, the secretary of the Austrian Chamber of Commerce. Sample shipments of electrical machinery, scientific instruments, furniture and ladies' dress goods were taken along with the delegation and displayed in London. This visit was said to have resulted in orders, the proceeds from which will be used for obtaining supplies of raw materials for Austrian industries and foodstuffs, such as frozen meat and lard.

Another delegation has been sent by the Austrian Chamber of Commerce to south-east European countries and it is announced that a convention has been signed with Roumania for an exchange of Austrian manufactures and rolling stock against Roumanian oil products and cereals. It is hoped to shortly send a party of Austrian business men to the United States. Dr. Pistor, the secretary of the Chamber of Commerce, visited Canada before the war. He stated that they are anxious to also arrange for a delegation to visit the Dominion with a view to resuming trade relations between the two countries.

Other means of promoting Austrian foreign trade are the holding of periodical sample fairs at Vienna and the participation of Austrian manufacturers at sample fairs held in other countries. The former is now being considered by the above-mentioned Chamber of Commerce.

## IMPORT REQUIREMENTS.

It is evident from the preceding review of the present economic situation in Austria that the amount of business possible with this country in goods other than actual necessities is not large. Certain imports into Austria are subject to import license and no goods are admitted which are not absolutely essential. Apart from these restrictions trade is limited by the low purchasing value of the Austrian crown. The prices in crowns of imported goods come so high, that even the demand for such necessities as cloth, boots and shoes, etc., is considerably below normal. After the Armistice fairly considerable shipments of textiles and clothing were sent from Switzerland and Italy and later on from Great Britain, but this trade will decline with the resumption of production in Czecho-Slovakia and in Austria itself. The principal import requirements of the Republic of Austria are therefore for foodstuffs and raw materials. Grain, flour, meats, fats, condensed milk, canned foods and sugar must all be imported from foreign countries, but the great bulk of these are being supplied under the relief credits accorded by allied and neutral countries. The nature of the raw materials required is indicated by the above review of the principal industries of the republic. Certain of these raw materials can be supplied from Canada. A possible future line of trade from Canada to Austria is agricultural machinery, but the possibilities are not large for the reason that agriculture is not carried on to the same extent in Austria as in the neighbouring countries, while the republic will have to get along as much as possible with the products of local industry. It is thus seen that the prospects for future trade between Canada and Austria are not very bright, although a certain amount of business should be possible in certain specialties which are not produced in Austria.

# CONSTANTINOPLE AS A DISTRIBUTING CENTRE

## I

### Introductory

Constantinople, October 31, 1921.—The trade with Constantinople offers great future possibilities to Canadian firms. Whatever may be the future of Turkey, it is certain that Constantinople will retain its importance as a shipping and trade centre. A unique geographical situation gives this city strategic advantages in the transit trade with the other countries bordering the Black sea. For these reasons it was deemed advisable to conduct an inquiry into the present commercial position of Constantinople and its relation to the opportunities for the extension of Canadian trade with the countries of the Near East and the Black Sea regions.

### TRADE DEPRESSION

Unfortunately the present is not a very opportune time for the investigation of trade prospects at Constantinople, since an acute commercial depression has been prevailing for some months. This depression is likely to continue until the opening up of the interior of Asia Minor or of the Russian markets permits the reduction of the large stocks of merchandise which have been accumulated at the port. During the latter part of 1919 a quantity of goods greatly in excess of local requirements was imported into Constantinople, largely with a view to supplying the South Russian markets. Speculation in merchandise became rife and many local houses utilized all their resources and strained their credit to purchase goods from abroad. The collapse of General Denekin's army last winter and the consequent closing of all Russian ports, with the exception of Sebastopol, naturally brought about a crisis. Asia Minor, the natural commercial hinterland of Constantinople, has been shut off from the Turkish capital by the Nationalist movement and the activities of Mustapha Kemal's forces. There has, therefore, been no outlet for the large stocks of manufactured goods accumulated at Constantinople. Many of the local merchants have all their available capital tied up in merchandise which they could only dispose of at a considerable sacrifice. Forced liquidations of stocks involving losses of about 30 per cent on the cost prices of the goods have been frequent during the past few months. The result has been a succession of commercial failures, while several of the less conservative banks, who have made advances on merchandise, are in none too sound a position. Under these circumstances the import trade at Constantinople is practically at a standstill and comparatively little business is being done.

### REVIEW OF PRESENT SITUATION

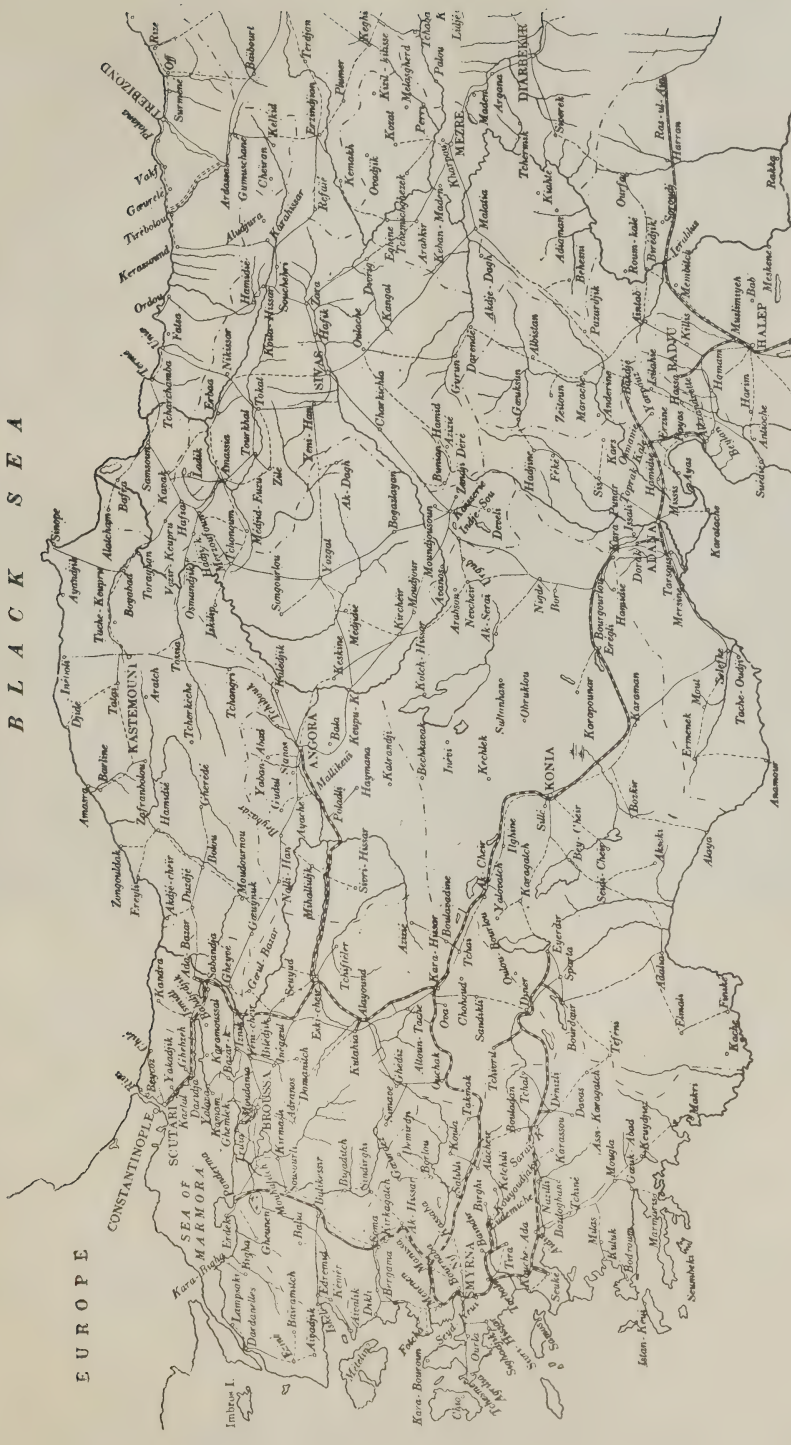
The following review of the commercial situation at Constantinople, which was published in the *Journal* of the British Chamber of Commerce of Turkey and the Balkan States, is commended to the attention of Canadian business men as further summarizing the present position:—

“Owing to the uncertainty of the political situation, the cessation of communication with the interior, and the practical closing of certain Russian markets, for which country there is an accumulation of huge stocks, business in this market has slackened very considerably.

“In many ways the situation is strikingly abnormal. A rising home market has hitherto undoubtedly induced speculation on the part of the more unscrupulous and generally inexperienced importer, and yet, notwithstanding the strong producing markets, local prices have often ruled considerably below home values, while retail prices and the cost of living have remained as high as ever.



# BLACK SEA



Map of Asia Minor (Reproduced from British Consular Report).

"With the weakening of the producing markets, and especially where large sums of money have been made during the war, we may see wild attempts to cut losses.

"On the whole, and until the return to normal conditions, the greatest precaution is necessary in dealing with this country, excepting through well-known and reliable firms."

#### A BANKER'S VIEW

A Constantinople banker writing in the issue of the above publication for the month of May, 1920, thus sums up his view of the present situation:—

"Stocks of manufactured goods in Constantinople are greatly in excess of local demands and requirements, and they will remain on hand until such time as either Anatolia or Southern Russia become available as markets. In the meanwhile these goods represent an equivalent amount of capital tied up and unproductive, a condition both economically and financially unsound. Economically unsound, because importers, fully cognizant of the difficulty of finding a ready market, still continue to import and are therefore merely gambling on a continuance of rising prices in producing countries; financially unsound, because of the general stringency resulting on the local money market."

#### PRE-WAR POSITION OF CONSTANTINOPLE

Before the war Constantinople was the commercial centre for the districts of Northern Anatolia along the coasts of the Black sea and the sea of Marmora, and for some distance into the interior, comprising all the northern fringe of the Anatolian tablelands. What remained of Turkey in Europe after the Balkan wars was also tributary commercially to the capital.

As regards manufactured goods of all kinds, imported from abroad, Constantinople was the undoubted distributing centre for all of the above territory. Merchants and small dealers in the provincial towns were accustomed to purchase their requirements in the capital. There was practically no organization of travellers or established channels of trade, such as in western countries, but the provincial merchants usually came personally to Constantinople for the purpose of replenishing their stocks. This tendency resulted from the general backward condition of the country and will probably prevail for many years. Exceptions to the general rule are to be noted, such as firms dealing in certain lines in some of the more important centres—Erzerum, Sivas, Brusa, etc. For instance cotton textiles were imported into Erzerum direct from Armenian houses established in Manchester. Generally speaking, however, it was Constantinople which supplied the demands of Northern Anatolia for manufactured goods.

As regards export trade, the bulk of the raw products and foodstuffs coming from the Anatolian tablelands were financed from and to a less degree exported through Constantinople.

Mention must also be made of the important city of Smyrna, which was the distributing centre for most of the southwestern districts of Asia Minor. Firms in Smyrna imported their supplies of manufactured goods direct from foreign countries. This port provided an outlet for the exportable products of the province of Aidin and for those of a large part of the provinces of Konia, Angora, Brusa and Caesarea. These provinces comprise some of the richest and most productive districts of the former Turkish Empire, so that the export trade of Smyrna was considerable. Constantinople and Smyrna were before the war the two pre-eminent commercial centres of the western part of the Turkish Empire. There must now be considered the relative position of these two centres as affected by the political changes resulting from the war.

#### COMMERCIAL CONSEQUENCES OF THE PEACE

A study of the map of the New Turkey as constituted by the Treaty of Sèvres will show that the territory remaining under Turkish rule corresponds closely to that



outlined above as comprising the prewar commercial zone of Constantinople. Thrace, which has been given to Greece, and those districts of Eastern Anatolia which are to form part of the new Republic of Armenia, are the only districts of this commercial zone which have not been left to Turkey. On the other the territory which was formerly tributary commercially to Smyrna, has been divided up among different powers. The city of Smyrna itself and the immediate hinterland has been assigned to Greece. The mandate for the southern districts along the southern coast of Asia Minor from the bay of Skalanova to beyond the gulf of Adalia has been assumed by Italy. It must be anticipated that this division of territory will prejudicially affect the commercial influence of Smyrna. Thus the Italians will naturally desire to develop as much as possible the ports in their zone. Already a Decauville railway has been constructed from the Ottoman Aidin railway to the port of Skalanova with the object of deflecting to that port the traffic which formerly passed through Smyrna.



The European Quarters of Constantinople from Stamboul.

Similarly it may be expected that an endeavour will be made to attract to the port of Adalia in the Italian zone the greater part of the trade of the province of Konia. It is thus seen that the new distribution of territory under the Treaty of Sèvres is likely to have more effect on the commerce of Smyrna than on that of Constantinople. The Turkish capital will henceforth be the chief commercial and financial centre for the territory remaining to Turkey.

#### THE TRADE SPHERE OF CONSTANTINOPLE

In this report we shall not be concerned with the trade of Southwestern Asia Minor, which formerly passed largely through Smyrna, but only with the commerce of those districts which draw their supplies of manufactured goods from Constantinople. These districts as we have seen comprise the greater part of the present-day Turkey. However, in addition to serving as the commercial centre of the territory remaining under Turkish rule, Constantinople has since the war played an important part in the entrepot or transit trade with the other countries of the Black Sea region, notably with South Russia, Georgia, Armenia, Azerbaijan, Persia, Turkestan,



Roumania and Bulgaria. We have therefore to consider the opportunities for the extension of Canadian trade with Constantinople under the following two heads:—

(1) The opportunities for Canada supplying the requirements of the Turkish market.

(2) The opportunities which Constantinople offers as a base for trade operations with the other Black Sea countries.

## II

### The New Turkey

The re-establishment of peace and order in Turkey should inaugurate an era of progressive development of the rich natural resources of Anatolia. This would open up possibilities for the trade in machinery, constructional equipment and other supplies, in which Canada might participate. The territory which is to constitute the New Turkey may be described as a rich but undeveloped country, which has never known the blessings of good government. Owing to the present unsettled conditions, it will only be possible to briefly indicate the natural resources and economic possibilities of this region, statistics and definite particulars being unavailable.

#### UNSETTLED CONDITIONS

It must be borne in mind that throughout the greater part of Asia Minor a state of war still prevails. The Nationalists under Mustapha Kemal have established themselves at Angora and are defying the Allied Powers. Their bands are carrying on an irregular warfare in the interior, terrorizing the Christian population while the main forces of the Nationalists have recently launched an offensive against the Armenians. The Greek army have cleared the western part of Asia Minor and hold a front stretching from the sea of Marmora to the Smyrna zone. An Allied army is in occupation of Constantinople, but communication with Anatolia along the railway is not possible except for a short distance from the capital. Throughout the rest of the interior a state of anarchy and irregular warfare reigns. Under these circumstances it is evident that all that can be said about future trade possibilities with Turkey is to give a short outline of the resources of the country and the prospects for business which are conditional upon the return to conditions of peace and good government.

It must also be taken into consideration that Turkey has been at war for a longer period than practically any other country. With the exception of a brief period during 1914, the Turks have been fighting first the Italians, then the Balkan League, and finally against the Allies in conjunction with the Central Powers. This protracted period of warfare lasting from 1911 up to the present has naturally brought about economic and financial exhaustion and chaos, from which it will take the country a long time to recover. With these reservations in mind, we may inquire into the future prospects for the supply of machinery, equipment and general goods to Anatolia.

#### RESOURCES

Although the actual boundaries of the New Turkey are still the subject of dispute, it may be roughly stated that according to the Treaty of Sèvres the territory remaining under Turkish rule will comprise an area of about 115,000 square miles with a total population of approximately 7,500,000. As indicated above there will be included in this territory most of the northern, central and northwestern districts of Anatolia, including the whole or part of the provinces of Constantinople, Chatalja, Ishmid, Bigha, Brusa, Boli, Kastamuni, Angora, Samsoun, Sivas and Konia. The

chief products of these provinces are cereals, wool, mohair, tobacco, silk, valonea, gum adragant, skins, hemp, nuts, opium, carpets and minerals, such as antimony, chrome, copper, zinc, manganese, saltpetre and coal. There is also extensive forest wealth, but which is largely unexploited in any systematic manner. Better means of communication and ordered government would also lead to a greater exploitation of the rich mineral resources of Anatolia. It is, however, on agriculture and the raising of cereals that the prosperity of the country chiefly depends.

#### AGRICULTURE

The soil is fertile throughout the greater part of Anatolia, especially in the valleys, but the methods of cultivation are mostly very primitive. The onerous taxes and the lack of irrigation have been the principal obstacles to the introduction of modern agriculture into Turkey. There is no doubt that with good government the yield of cereals could be very greatly increased. During the war the burden of taxation was made still more oppressive, amounting in some cases to 50 per cent of the crops. The result has been a general stagnation of agriculture, to which the mobilization of so many peasants has also contributed.

Ploughing in Turkey is commonly done with a primitive one-handed plough, no effort being made to plough deeply. Manure is only used in some districts inhabited by immigrants from the former European provinces or by Christians. Sowing and the harvesting of the grain is mostly done by hand. The grain is usually threshed on a stone floor by means of a log of wood, while the wind is used for winnowing. The result of these methods is to greatly deteriorate the quality of the grain, especially when used for seeding purposes.

#### PRINCIPAL CROPS

Wheat is the most important cereal raised and a considerable amount was exported before the war, especially to Italy for the manufacture of macaroni. At present, however, there is a shortage of this cereal in Turkey. For milling purposes it was formerly necessary to import wheat from Russia, Roumania, and Bulgaria to be mixed with the local product. The maize or corn crop is also very important, being largely used by the natives for food and also for fodder. A good quality of barley is raised in Anatolia and is used for fodder and for the manufacture of beer. Rice is cultivated to some extent in the provinces of Brusa and Angora, but the bulk of the requirements of rice for the making of pilav, a favourite Turkish dish, has to be imported from India. Oats and rye are crops of secondary importance in Anatolia, the former being grown only along the coast of the Black sea.

Owing to Constantinople being cut off from the interior, there is now a great shortage of grain in the capital. Some supplies are being brought in from the districts along the coast of the sea of Marmora and from Turkey-in-Europe, but considerable quantities have also to be imported from Roumania, Bulgaria and other countries. The export of all grains from Turkey is prohibited, except millet, linseed and canary seed. Turkey is one of the principal suppliers of the latter, an annual crop in the districts along the European coast of the sea of Marmora amounting to about 15,000 tons being the average before the war. The prewar crop of linseed was about 5,000 tons. There is only a limited quantity of these two products at present available.

#### USE OF AGRICULTURAL MACHINERY

Owing to the primitive methods of cultivation, the use of up-to-date agricultural implements and machinery is very limited in Turkey and is mostly confined to the Christian population or to immigrants from the former European provinces. There was, however, a fairly considerable trade in ploughs and reapers before the war and it is in these lines that there is presented the best openings for future trade with Turkey in Canadian agricultural implements. There is also an opportunity for a

limited sale of small tractors to the better class and more prosperous farmers. Although this report is not concerned with the trade of the Smyrna district, it may be mentioned in passing that the Greek occupation of this area should give an impetus to modern agriculture and the use of agricultural machinery in what has always been one of the richest and most prosperous provinces of Turkey. In this connection it is encouraging to note that a consignment of Canadian harvesting machines has recently arrived at Smyrna.

Shortly before the war the Turkish Government, upon the advice of the Germans, instituted agricultural colleges with the object of training instructors for the introduction of modern agricultural methods among the peasantry. The more general use of agricultural machinery, however, must be a matter of slow development and is largely dependent upon good government and a just system of taxation. The kind of ploughs and other agricultural implements and machinery, which have had the largest sale in Turkey, will be outlined further on in this report in the section dealing with the opportunities for Canadian trade.

#### WOOL AND MOHAIR

Wool and mohair are two of the principal products of the Anatolian tablelands. The clip of mohair before the war averaged about 60,000 bales or 4,500 tons a year, most of which was shipped to Bradford, England, by British houses. The value of this annual clip was approximately \$2,500,000. The mohair goat which produces this product is principally reared in the central districts of Anatolia, particularly near Angora. Owing to the absence of communication with the interior little mohair is now being exported. A considerable number of goats are said to have been killed during the war and consequently the 1919 clip was estimated at 25,000 bales less than the prewar average.

The wool clip in Turkey is not a large one and is chiefly comprised of coarse carpet wool. The carpet manufactories and the cloth factories of the Turkish Government consume a large proportion of the total yield. Previous to 1914 wool was exported from Turkey to Great Britain, France and the United States. Shortly after the armistice some 10,000 bales were shipped to North America, but at the present time little is available. It is reported that many sheep were killed during the war period.

#### SILK

The town of Brusa near the Asiatic coast of the sea of Marmora is the centre of what formerly was an important silk industry, consisting of the raising of silk-worms, producing silkworm eggs, in spinning silk thread and to a certain extent in weaving silk cloth. The production of raw silk in this district averaged about 6,000 bales a year. Brusa silk was known for its strength and elasticity. Since 1914 the industry has suffered a series of reverses the chief of which resulted from the deportation of the Greeks and Armenians in whose hands the raising of the worms was chiefly concentrated. The remaining population in their ignorance felled over two-thirds of the mulberry trees. This and other damage has crippled the industry and although great efforts are being made to revive the silk culture, the recovery must of necessity be slow. The following figures of the quantities of wet cocoons produced in this district during the years 1913 to 1919 will illustrate the seriousness of the blow sustained by this important industry:—

Year	Tons	Year	Tons
1913.. . . . .	4,140	1917.. . . . .	1,106
1914.. . . . .	2,436	1918.. . . . .	803
1915.. . . . .	1,435	1919.. . . . .	830
1916.. . . . .	1,650		



## TOBACCO

Tobacco is undoubtedly one of the principal products of Turkey. Of the territory remaining under Turkish rule, the most important tobacco-raising districts are those of Samsoun and Ishmid. The former district supplied before the war from 33,000,000 to 40,000,000 pounds of tobacco annually. The product was divided into six classes ranging in price from 38 cents a pound for the cheapest variety up to 90 cents. The Ishmid district produced from 4,400,000 to 6,600,000 pounds a year, principally of the stronger and cheaper varieties. During the war production was greatly curtailed and the 1919 crop was estimated to be about 50 per cent of normal. Tobacco is a Government monopoly in Turkey and the bulk of the crop is taken up by the Regie Ottomane, which controls the manufacture and sale.

## OPIUM

In 1913, Anatolia yielded 8,000 cases of opium, grown principally in the hinterland of the port of Samsoun. The average export before the war from this district amounted to about 6,000,000 pounds a year. The number of cultivators has been reduced during the war and owing to the political disturbances little is available for export.

## SKINS

There was a considerable export from Turkey before the war of sheep and goat-skins. It is estimated that about 1,500,000 goat-skins a year were shipped from the districts near the ports of Samsoun and Trebizond. The United States and France were the chief buyers. A considerable number of sheep were formerly slaughtered at Constantinople. The bulk of the skins were pickled and shipped to the United States. Great quantities of sheep-skins were dry-salted every year in the interior and sent down to the ports for shipment abroad. The political disturbances have had a serious effect on this trade, while a great number of sheep and goats were killed during the war, so that the future of the trade is uncertain.

## NUTS

The production of hazel and walnuts in the northern districts of Anatolia is very large and the annual crop was valued before the war at \$15,000,000. Shipments were made chiefly to the United States and to France. The unsettled state of the country has seriously interfered with the picking of the nuts and transport to Constantinople, so that only small quantities have lately been coming forward.

## VALONEA

Acorns and valonea are collected in the interior of Asia Minor for shipment abroad, the extract being used for tanning purposes. Smyrna, however, was the principal port of shipment and the trade was in the hands of a British firm.

## MINERAL RESOURCES

Anatolia is rich in a variety of minerals, but these resources have only been superficially studied. The backward state of the country and the lack of adequate transport facilities has greatly hindered the development of the mining industry in Asia Minor. Important deposits of antimony, chromium, silver, lead, copper, zinc, arsenic and coal are found in various parts of the country. Concessions have been granted in the past to German, Austrian, French, British and Dutch companies, but actual exploitation has resulted in connection with only a small proportion of these

concessions. The following figures for the year 1912 show the total production in Turkey of the principal minerals found in Asia Minor:—

Mineral	Tons	Mineral	Tons
Coal.. . . .	857,850	Emery.. . . .	29,340
Coal dust.. . . .	45,934	Silver lead.. . . .	11,544
Lignite.. . . .	38,375	Zinc.. . . .	5,260
Chromium.. . . .	17,095	Meerschaum.. . . .	8,134
Antimony.. . . .	697	Manganese.. . . .	1,393
Copper.. . . .	1,040		

The principal coal mines are those of Heraclea in the province of Bolu, about 120 miles east of Constantinople. These mines were worked previous to the war by a French company. The output was about 60,000 tons a month, but was very much reduced during the war period. Coal is also found in the provinces of Kastamuni, Brusa, Oshmid and Sivas, but the deposits have up to the present been little exploited. An important lignite deposit at Agathli, near Constantinople, on the European side of the Bosphorus, was opened up during the war and an output of 700 tons a day was attained. Deposits of lignite are also found in other provinces of the New Turkey.

The chrome deposits of Turkey are very important and were worked by Germans before and during the war. The mines are situated in the province of Brusa not far from the town of Kutahia. There are also deposits along the European coast of the sea of Marmora. The principal antimony mines are in the Greek Smyrna zone, but concessions have also been granted for working deposits in the provinces of Sivas and Brusa. Copper is said to be found in the Kastamuni, Sibas and Brusa provinces and near Constantinople, but lack of transport has hindered exploitation. The same may be said to apply to the silver lead and zinc deposits, of which the Balia Karadin mine is the most important. Emery is chiefly extracted in southwest Asia Minor in the zone which has been assigned to Italy. An important manganese mine is being worked near the Heraclea coal fields, while deposits are also found in other parts of Asia Minor.

From the above brief survey of the mineral resources of the New Turkey, it is evident that there is plenty of scope for future exploitation, provided additional transport facilities are made available. The inauguration of an era of good government would therefore present great opportunities for development work and this would result in a demand for many kinds of mining machinery and equipment which Canada might supply.

#### TIMBER RESOURCES

The province of Kastamuni on the Black sea coast is the most heavily wooded district of New Turkey. The forests of this province cover an area of about 3,250,000 acres. The timber from these forests is the best adapted for building purposes. Barrel staves, oak blocks and firewood were exported before the war to Egypt, Greece, France, Italy and Bulgaria, the yearly export of timber amounting to about 118,000 cubic metres. At present the export of wood products from Turkey is prohibited and there is a shortage of timber for building purposes at Constantinople. Besides those of Kastamuni, the forests of the provinces of Brusa and Bola are also extensive. The opening up of the country would enable the forest wealth of Anatolia to be exploited in much more systematic manner than at present and there would be openings for the sale of Canadian saw-milling machinery and logging equipment to Turkey.

#### MISCELLANEOUS

In the above review of the natural resources of Asia Minor, no mention has been made of the figs, raisins, licorice and other special products of the Smyrna district and similar parts of the former Turkey now under foreign jurisdiction. Only the products which are exported through or from the territory commercially tributary to Constantinople have been dealt with.

## CARPETS

The making of carpets is the most important manufacturing industry of Asia Minor and is the only one the output of which permits of a surplus available for export. The industry is centred at Smyrna, which is now part of Greater Greece, but the manufacture of carpets is also carried on in the south of the province of Brusa and in western Konia. The present production of carpets is stated to be only one-third of that of before the war.

## OTHER INDUSTRIES

Besides the making of carpets and silks already referred to, there are no manufacturing industries of importance in Turkey. Constantinople has a few flour mills, a cotton spinning mill, two cement factories, and a brewery. In all the large centres of Turkey there are also many small craftsmen making boots, saddlery, brass and copper ware and other articles for sale on the bazaars. The great bulk of the requirements of the population for manufactured goods of all kinds has to be met by importations from abroad. Under normal conditions this means a large trade with Turkey in a variety of articles, many of which Canada is in a position to supply. The principal openings for the sale of Canadian goods to Turkey will be pointed out in the section of this report dealing with the opportunities for Canadian trade.

## THE POPULATION OF TURKEY

The majority of the inhabitants of the New Turkey are Mohammedans in faith and belong to the Turkish race. The original Turks were a band of adventurers, comparatively few in numbers, who came from Turkestan in Central Asia about the middle of the thirteenth century. These Turks eventually settled near the present centre of Brusa and extending their sway over the independent chiefs founded the Osman dynasty and the Turkish Empire. The present-day Turks are therefore a very mixed race, intermarriage having led to the continual introduction of Arab and Circassian elements into the original Turkish and Anatolian stocks. The typical Turk is of medium stature with dark hair and an aquiline nose. He is noted for his politeness and hospitality, as well as for his indolence and apathy. The Anatolian peasant, however, is a steady worker and remarkable for his perseverance in the face of misfortune.

After the Turks the two most numerous nationalities of New Turkey are the Greeks and Armenians. The former are mostly settled in the towns and villages along the coasts and the principal rivers. The Armenians are most numerous in the eastern districts of Asia Minor and in Constantinople. Jews and Levantines, as the descendants of Europeans married to Christian subjects of the Sultan are called, are also found in all the larger towns.

The Turks hold themselves aloof from commerce, so that the internal trade of the country is largely carried on by the other elements of the population mentioned above. Among the Greeks, Armenians, Jews and Levantines of Turkey, business morality is not of the highest and the greatest care has to be exercised in having commercial dealings in this country. Cheating appears to be regarded as a form of smartness. The import trade of Constantinople, however, is largely conducted by old-established and reliable houses, among whom are many of European or American nationality, as will be further explained below.

## THE CITY OF CONSTANTINOPLE

The population of Constantinople is very mixed. The number of inhabitants was estimated before the war at 1,200,000, of which about half were said to be Turks. It is probable that the actual population is at present nearly two million. The Greeks are the second most numerous element of the population of the capital, followed



closely by the Armenians and then by the Jews. There is also a considerable foreign population in Constantinople, practically all nationalities being represented. Since the armistice the troubles in Russia have led to an influx of Russian refugees, until now they perhaps represent the most numerous of all the elements of the population who are not subjects of the Sultan. There is a considerable British colony, many of whom are members of families who have lived in Turkey for generations.

#### SITUATION

Constantinople has the most remarkable situation of probably any city in the world. This is the cause for its having been the long-sought-after prize among contending nations, ever since the year 323 A.D., when Constantine the Great made the city the capital of the Roman Empire. The original city was built on European



The Harbour of Constantinople.

soil on the hilly promontory between the Sea of Marmora and the deep bay or inlet called the Golden Horn. This is the quarter now known as Stamboul. At this point the Bosphorus, which is a narrow strait separating Europe from Asia, joins the Sea of Marmora. This strait is nineteen miles long and extends from the Black sea to Constantinople. Across the Golden Horn from Stamboul lie the European quarters of the city known as Galata-Pera, while on the Asiatic side of the Bosphorus is the town of Scutari. Constantinople is therefore in reality composed of three different towns.

Stamboul contains the administrative buildings, principal mosques and the chief Turkish residential quarters. Galata is the name given to the narrow quarter lying along the opposite shore of the Golden Horn from Stamboul, with which it is connected by two bridges. Galata is the business district of Constantinople and here are found the principal banks and office buildings, although many firms have also their offices in Stamboul near the general post office and the railway station. On the hill above Galata are the European shopping and residential quarters, to which is given the name of Pera. The Grand Rue de Pera, the principal street of this district, resembles a street in a western city with up-to-date shops, restaurants, etc. Beyond Pera lie the Greek residential quarters, although many Greeks also live in Scutari and other suburbs. Along both shores of the sea of Marmora and the

Bosphorus stretch many miles of residential suburbs, in which live Turks, Ottoman Christians and Europeans, most of whom come into the city every day to work. An excellent service of ferry boats affords communication with these suburbs, while in the city there is a system of tramways. An underground cable railway connects Galata with Pera.

#### COMMERCIAL IMPORTANCE

Constantinople is the capital and also the financial and commercial centre of Turkey. As pointed out above, the city serves as the distributing centre for the districts of northern and central Anatolia, which are to constitute the New Turkey. The dealers in the provincial towns usually come personally to the capital to purchase their requirements of manufactured goods. The import trade of the New Turkey is therefore centred in Constantinople.

There are a great number of houses, both foreign and native, established at Constantinople and engaged in the import trade. These firms usually have their offices in large blocks of buildings, which are commonly entered through a courtyard in the centre. These buildings are called "hans" and addresses in Constantinople frequently give the name of the han without reference to any street number.

Steamers discharging at the port either anchor in the Bosphorus or the Golden Horn and unload into lighters or else discharge alongside of the dock. The great congestion of goods at Constantinople since the armistice severely tried the existing warehouse facilities, while the wharfage accommodation is sufficient to permit of only a comparatively few steamers discharging alongside. More warehouses and docks must be provided if the port is to cope with the traffic requirements, especially in view of the part which Constantinople is likely to play in the transit trade with other countries.

#### MEANS OF COMMUNICATION

Communication between Constantinople and the interior is provided by water, road and rail. A large part of the imported supplies are distributed by coastal vessels to the ports of the sea of Marmora, the Dardanelles or along the Anatolian coast of the Black sea. From thence the goods are often transported into the interior by bullock carts or pack animals. Turkey is not very well provided with railway facilities. Connection with Central Europe is afforded by the line of the Oriental Railway which runs from Stamboul through Thrace, now part of Greater Greece, to Bulgaria. A branch connects with Salonica and the railway system of Greece proper. Only a short distance of this line is now in Turkish territory.

The most important railway of Asia Minor is the Anatolian Railway System. The main line of this railway starts at Haidar Pasha, on the Asiatic side opposite Constantinople, and runs to Eski Shehr. Here the line forks, one section going to the important centre of Angora and the other line continues in a southeasterly direction to Konia, where the Bagdad railway, connecting with Syria and Mesopotamia, commences. The Anatolian railway therefore opens up the interior of Anatolia and traverses some of the best agricultural and mineral districts of the country. This railway is now under British military control but the disturbed conditions in the interior preclude the regular operation of trains. The extension of the Anatolian railway from Angora to Sivas has been planned for some time and much of the preliminary work accomplished from Angora as far as Yozgad.

The province of Brusa is served by a section of the Smyrna Cassaba and Extension railway. This line runs south from the sea of Marmora at Panderma to the Smyrna zone; another line of the same railway also connects Smyrna with the Anatolian railway at the important junction of Afium Kara Hissar. This line runs through the town of Usak. The city of Brusa is connected with its port, Mudania on the sea of Marmora, by a narrow gauge line 28 miles in length.

## OPPORTUNITIES FOR RAILWAY DEVELOPMENT

The economic development of Anatolia requires the construction of extensions and branch lines to augment the existing facilities, as well as the building of new lines to connect interior districts with the seaports. There are few regions where the opportunities for future railway development are greater than in Asia Minor. This would warrant Canadian firms in a position to supply railway equipment and materials to carefully keep in touch with the situation in Turkey. The military operation of the Anatolian and other railway systems shortly after the armistice was greatly hampered by the lack of locomotives. The restoration of order in Turkey will therefore bring about calls for tenders for new locomotives and other rolling stock. Canadian firms can prepare themselves for these trade openings by appointing responsible agents at Constantinople.

## TRADE OPPORTUNITIES

The above review of the economic life of the New Turkey will indicate some of the possibilities for trade with Constantinople which will result from the reopening of the Anatolian markets. There must now be considered the opportunities for Canadian trade which Constantinople offers as a transit centre or entrepot for the trade with other markets of the Black Sea region.

## III

## Transit Trade of Constantinople

The geographical situation of Constantinople makes this centre the natural entrepot for the trade of the Black sea. All of the sea-borne commerce between the Black sea and the countries of the outside world has to pass through the Bosphorus and hence past the city of Constantinople. From the early days of the Christian era this city has played an important part in the trade of the districts bordering the Black sea. During the period immediately preceding the war, however, Russia, Roumania and Bulgaria were developing their own ports and financial and commercial centres in such a way as to be largely free of any dependence on Constantinople. The commercial influence of this centre was therefore for the most part confined to the Anatolian or south coast of the Black sea.

## TRADE WITH SOUTH RUSSIA

The war has brought about many profound changes in this part of the world. The most outstanding among these changes has been the collapse of the financial and economic fabric of Russia. The armistice opened the Black sea once more to foreign commerce. During the year following the armistice the anti-Bolshevik forces were carrying on war with the Bolsheviks and at one time had freed the greater part of South Russia. Since Russia was denuded of all kinds of manufactured goods, the demand arose from the liberated districts for supplies of merchandise not only for military purposes but also for the civilian population. Owing to the depreciation of the rouble and other confused conditions, trade with South Russia had largely to be conducted on a basis of barter. This gave an opportunity to the Constantinople houses, since this was the nearest centre with complete banking and commercial facilities. A brisk trade sprang up and Constantinople became an entrepot with a fairly large volume of trade.

Towards the latter part of 1919 the monopoly of the trade with Southern Russia, which the merchants of this centre enjoyed, was counteracted to some extent when firms in Great Britain and France commenced to enter into direct commercial relations with South Russia. This tendency was greatly assisted by the credit insurance



scheme instituted by the British Board of Trade. At the end of the year the armies of General Denekin were driven back and compelled to evacuate all the territory won from the Bolsheviks except the Crimea. This brought about a serious crisis at Constantinople and firms found themselves with large stocks on hand for which there was little outlet. The congestion was further aggravated by dumping on to the Constantinople market of the goods which had been shipped direct to South Russia from Great Britain and other countries. Prices in Constantinople in many cases fell below those in producing markets.

#### PRESENT POSITION OF ENTREPOT TRADE

At the present time (October, 1920) Sabastopol and Batoum are the only Black Sea ports of the former Russian Empire which are open to trade. A certain amount of business is being transacted by Constantinople firms with the former port. The amount of trade possible, however, is limited by the quantity of products available for export from the Crimea. The conduct of such business is attended with great difficulties, which afford a good indication of the restrictions under which business



The Golden Horn at Constantinople.

with Russia must be transacted for some time in the future. Batoum is now the port of the Trans-Caucasian Republic of Georgia, but also serves in normal times as the port for the hinterland, including the territory now comprising the Republic of Azerbaijan, a large part of the new Republic of Armenia, Northern Persia and Russian Turkestan. The unsettled conditions in this part of the world make the future commercial importance of Batoum very uncertain and little business can at present be transacted with Georgia. There is a certain amount of activity at Constantinople in sales to Roumania. The importers in the latter country have been taking advantage of the favourable prices for many lines of merchandise at Constantinople. In view of the low exchange value of the lei and the financial position in Roumania, it is also less difficult for Roumanian importers to arrange purchases in Constantinople than in western countries. The Constantinople firms, however, predict that business with Roumania will fall off if the lei continues to depreciate and thus restrict the purchasing power of that market. The same applies in a still greater degree to Bulgaria, where the financial position of the country prohibits any large importation of goods from abroad. Under these circumstances the volume of transit

trade being conducted from Constantinople is not very great and firms are awaiting the return of normal conditions in the Black Sea countries and the reopening of the Russian markets.

#### FUTURE OF TRANSIT TRADE

The commercial firms and banks of Constantinople anticipate a great future for this centre as an entrepot for the Black Sea markets and are urging the provision of more adequate facilities for coping with the traffic. It is not too much to say that last year many firms staked their credit in order to secure a footing in the South Russian market. At present there is considerable controversy as to how long Constantinople can serve as the entrepot for these other Black Sea countries. On one side it is contended that as soon as these countries become politically stable and in a position to import goods on a large scale, they will establish the necessary financial and commercial organization to enable them to purchase the goods direct from the countries of origin. On the other side it is pointed out that in a country such as Russia, where the currency has been depreciated to such an extent and where the whole financial and economic fabric requires to be built up anew, recourse must be made to a large extent to centres such as Constantinople, where modern banking and other facilities are available. With the reopening of the South Russian and Trans-Caucasian markets, it is therefore contended, Constantinople should offer great advantages as an intermediary transit centre for the exchange of goods between these markets and the outside world. There is undoubtedly a great deal of truth in this view and Canadian firms interested in the development of trade with this part of the world should carefully consider the possibilities which Constantinople offers as a base for trade operations with the markets of the Black Sea region.

Even with such countries as Roumania and Bulgaria, where the conditions are comparatively normal, it is evident that Constantinople offers advantages as an entrepot, since firms dealing in certain lines could maintain a stock in a bonded warehouse at this port for distribution among the different markets referred to as opportunity occurs. Moreover, in view of the difficulties which importers in these countries experience in meeting the terms of exporters from North America, the firms in Constantinople are frequently able to act as intermediaries by reason of the greater resources at their disposal.

#### WAREHOUSE FACILITIES

There are a number of bonded warehouses in Constantinople, where goods may be stored without liability to pay customs duty until taken out for consumption in Turkey. The right of providing such warehouses rests with the company having the monopoly of the quays of Constantinople, but since the armistice this company has been unable to provide sufficient transit storage for the large quantity of goods brought in and consequently they have rented the right to different private firms and banks for providing their own bonded warehouses on the condition of paying the necessary quay dues for goods entering the port. The number of these warehouses is now over fifty, but many are old and temporary structures. In order that Constantinople should be able to cope with the transit trade which would result from the reopening of the Black Sea markets, the provision of better and more adequate transit storage facilities is being urged.

#### THE PORT OF BATOUM

When normal conditions can be re-established in the Trans-Caucasian Republics of Georgia, Azerbaijan and Armenia, Constantinople firms should become the principal intermediaries in the transit trade with port of Batoum. At the present time little business is possible with these districts and considerable risks are involved in shipping merchandise to Batoum. Georgia had rich manganese mines and also produces tobacco, silk cocoons, liquorice, leather, timber, wool, fibres, glauber's salts and mineral

water. The great Baku oilfields are situated in the Republic of Azerbaijan. Batoum also serves as a port for northern Persia and the districts of Russian Central Asia across the Caspian sea. The political and commercial future of all this part of the world may be said to be very uncertain.

#### IV

##### Trade Methods

There are few markets in which the competition for business is so keen as in that of Constantinople. This has been especially marked during the last two years, when the rival trading nations have been endeavouring to take advantage of the commercial readjustments resulting from the war. Germany and Austria previously supplied a large proportion of the goods imported into Constantinople. The armistice temporarily put a stop to supplies from these sources and gave opportunities for other countries to secure a foothold in the market.

The commercial community of Constantinople is particularly keen and quick to take advantage of any opportunities for developing new business. On the other hand there is, as elsewhere in the Near East, a predilection for sharp practices on the part of many native firms. Canadian exporters have therefore to be on their guard when trading with this market and should be careful to deal either with only the most reliable firms or else to secure themselves against any possible defaulting on the part of the party ordering the goods. These points and the manner in which the import business is conducted at Constantinople will be brought out in this section of the report.

##### SHARES OF VARIOUS COUNTRIES

British trade with Constantinople has always been considerable and since the armistice Great Britain has taken first place as the supplier of goods to Turkey. France comes second, closely followed by the United States. Immediately after the armistice Italy and Spain commenced shipping large quantities of textiles, boots and shoes and other lines to Constantinople, but the proportionate share of these countries in the total import trade has lately been decreasing as the result of British and American competition.

Nearly 85 per cent of the goods which Great Britain was shipping to Turkey during 1919 was comprised of cotton and woollen textiles. Other importations from Great Britain of considerable total value include boots and shoes, pharmaceutical products, linen, biscuits, clothing articles, perfumery and soap, ironware, sugar and sweets, tea, flour, cocoa and chocolates, waterproofs, butter and fats, silk goods, cheese, paints, cotton thread, and rope.

France has chiefly supplied Turkey since the armistice with silks, cotton and woollen cloth, pharmaceutical products, drugs, perfumery and soap, clothing articles, cocoa and chocolates, cotton goods and leather.

The most considerable importations from the United States have been flour, alcohol, cocoa and chocolate, cotton, cloth, leather, coffee, cotton goods, sugar and biscuits. American firms have also commenced to do a large trade in canned provisions of all kinds, iron tubes, rubber goods, socks and stockings of cotton, candles, tools, boots and shoes and motor cars.

Italy continues to hold the market for certain lines of cotton cloth, such as cheap grey sheetings, trousering, etc., and a large amount of electrical fittings, hats and cinematograph films are being imported from this country.

Japan has been making efforts to develop trade with Constantinople especially in cheap utensils and trinkets for the bazaar trade, formerly largely supplied by Germany and Austria, but so far no considerable quantity of Japanese goods has come on to the market.



## TRADE DEPRESSION

At the present time, owing to the great congestion of goods at Constantinople, the import trade is very dull and the market is overstocked in many lines. A certain amount of business is being done in some branches of trade for which there is a steady demand for supplying the requirements of the population of the capital. These branches of trade include building materials of various kinds, canned provisions, flour, ship chandlery supplies, except rope, machinery and equipment for the mines and motor cars. In nearly all other lines of trade there is a marked depression which will probably continue until the reopening of the Anatolian or South Russian markets allows of the reduction of stocks accumulated at the port.

The situation as regards the export trade is very similar. The Nationalists hold the greater part of Anatolia, from whence come the bulk of the products exported through Constantinople. Only very small quantities of mohair, wool, opium, skins, tobacco and other products have been brought in during the past few months and existing stocks are being gradually depleted, if not already exhausted. Practically the only supplies which can reach Constantinople at present for export abroad are the limited quantity of products available from the districts along the coasts of the sea of Marmora and the Black sea.

## CURRENCY

The Turkish monetary system was very complicated before the war. The current coins were silver piastres of various denominations and gold coins. For exchange purposes a fictitious value, the gold piastre, was employed and was reckoned as the hundredth part of a lira or Turkish pound, of which the par exchange value was \$4.40. Approximately 108 silver piastres circulated as the equivalent of a lira. Bank notes in lire or Turkish pounds were also current.

The metallic coins have now practically disappeared from circulation and the currency is therefore made up of paper notes in denominations of the Turkish pound with the piastre representing the hundredth part of a pound. The currency has therefore been simplified to what practically amounts to a decimal system.

## RATES OF EXCHANGE

The financial difficulties of the Turkish Government and the inflation of the paper currency led to a steady depreciation during the course of the war in the value of the bank notes as compared with gold. This naturally caused a fall in the foreign rates of exchange for the Turkish pound. At the time of the armistice the rate of a cheque on London was 170 piastres to the pound sterling. There was then a continued depreciation in the value of the Turkish currency until in March, 1919, the pound sterling was quoted at 455 piastres. The present rate is approximately 430 piastres to the pound sterling and around 80 piastres to the United States dollar, as compared with the prewar par rate of 22.75 piastres to the dollar. The depreciation of the Turkish currency has naturally had a very restricting influence on the purchasing power of the population, and in view of the unsettled state of the country and the complicated public finances, it is difficult to forecast the probable course of the foreign exchange rates in Constantinople.

## WEIGHTS AND MEASURES

Turkey has its own system of weights and measures, but the metric system is almost universally employed and Canadian exporters would be well advised to utilize this latter system, if possible, when quoting to native houses in Constantinople. The following table taken from the British Consular Report on the trade of Constantinople for 1914, shows the weights which are the most used in Turkey:—

Turkish Unit		English Equivalent	
1 Oke	= 400 Drams	=	2.8264 lbs.
1 Kantar	= 44 Okes	=	124.3616 "
1,000 Kilogrammes	= 780 Okes	=	2,204.621 "

The only Turkish measure of commercial importance is the Arshin, which is equivalent to 26.75 inches.

BANKS IN CONSTANTINOPLE

Constantinople is fairly well supplied with facilities for commercial banking. A number of banks of allied countries have their headquarters or branches in the city and do the bulk of the business. There are also a number of native banks. The branches of the German, Austrian and Hungarian banks in Constantinople, such as the Deutsche Bank, the Deutsche Orient Bank, the Wiener Bank Verein, etc., have been under Allied military control since the armistice. The following is a list of the principal banks at present doing a commercial banking business at Constantinople:—

The Imperial Ottoman Bank (Anglo-French).	The Guaranty Trust Company (American).
The National Bank of Turkey (British).	Russian Bank for Foreign Trade (Russian).
The Crédit Lyonnais (French).	Marmarosh Blank and Company (Roumanian).
Banque Commerciale de la Méditerranée (French).	Banque Commerciale Ottomane (Armenian).
Banca Commerciale Italiana (Italian).	Banque Général de Turquie (Turkish).
Banca di Roma (Italian).	Credit National Ottoman (Turkish).
Banca Italiana di Sconto (Italian).	Banque Général de Commerce et de Credit (Turkish).
Bank of Athens (Greek).	
Bank of Salonica (Greek).	

The Imperial Ottoman Bank is the leading bank in Turkey, with headquarters at Constantinople and over seventy branches throughout the former Turkish Empire. This bank was established in 1869 by an Anglo-French group with a capital of £10,000,000. The bank has always been in close touch with the Turkish Government, which it has supplied with loans and advances. It has also full facilities for carrying on commercial banking.

The National Bank of Turkey (capital £1,000,000) is the principal British bank in Constantinople. It was formed in 1910, and since the war has become closely affiliated with the British Trade Corporation of London. The head office is at Galata, Constantinople, with branches at Stamboul and Smyrna and an agency in London.

The Banque Commerciale de la Méditerranée, the Banca Commerciale Italiana, and the Banca Italiana di Sconto opened branches in Constantinople shortly after the armistice. The Guaranty Trust Company of New York have only lately commenced operations in Constantinople, and this is the first American bank to establish a branch in the city.

The Bank of Athens has a considerable business among the Greek merchants of Constantinople. The Bank of Salonica, the other important Greek bank, has its headquarters in Constantinople, with branches at Smyrna and Samsoun and at Adrianople, Salonica and Cavalla in Greater Greece.

Most of the leading banks at Constantinople have their own banded warehouses, where their clients' goods can be stored until the documents are met and custom duties paid.

IMPORT AND EXPORT HOUSES

The import and export trade of Constantinople is in the hands of foreign and native houses. By native houses is meant firms controlled usually by Greeks, Armenians, Jews or Levantines, who are Turkish subjects. The number of Turks proper who are engaged in commerce is insignificant. Nearly every European country is represented among the foreign firms, while since the armistice a number of influential American trading companies have opened offices at Constantinople. Many of the foreign firms have been established for a great many years and have complete organizations for the conduct of import and export business, being represented by branches or agents throughout the country. The leading British houses are prominent among such firms, and they have proved a powerful instrument to the extension of British trade with Turkey. The managers are usually members of British families who have resided in Turkey for generations, and are consequently thoroughly con-

versant with the trade, languages, and customs of the country. These British houses are well disposed towards Canada and manifest a desire to establish business connections with the Dominion, but as the director of one of the largest firms in Turkey stated to the writer, "Canda is largely an unknown quantity in the Constantinople market."

Besides the old-established commercial houses, many foreign firms have opened up offices at Constantinople since the armistice. A number of new firms have been established chiefly for the conduct of business with Russia, and have usually been started by foreigners who formerly resided in that country. Other newly established firms represent combinations or reorganizations by British, American, French or Italian interests for the purposes of furthering the trade of their respective countries. Some of these firms appear to have good backing and are organized for business in a large way.

The native import and export houses are also of two kinds, viz: the old-established companies and the newly created firms. Native houses are often freer to take on the representation and to energetically push the sale of new lines than are the foreign houses, who have usually their connections already established. Canadian firms desirous of appointing agents in Constantinople would therefore do well to consider carefully all the classes of firms mentioned, and in no case should arrangements be concluded without obtaining satisfactory references regarding the party concerned. This latter consideration applies particularly to the native firms.

Although many of the native firms are controlled by Turkish subjects of Greek nationality, there are also a number of commercial houses in which the controlling interest is held by subjects of Greece, and hence would be classed among the foreign firms.

Besides the import and export houses, who have usually special departments for commission business, there are a number of commission agents proper at Constantinople, both foreign and native, many of which would be prepared to efficiently handle the representation of Canadian lines.

#### LEGAL STATUS OF FOREIGN FIRMS

Before the war a system of extra-territoriality, known as the "Capitulations," was in force in Turkey, and the foreign firms and companies carrying on business in Constantinople were under the jurisdiction of the country to which they belonged. The capitulations were abrogated by the Turkish Government when Turkey declared war against the Entente, and a law was passed defining the position of foreigners in Turkey. The Allies have refused to recognize the abrogation of the capitulations, so that this system will probably be continued in force.

Under the capitulations a foreign company is tried by its own consular court when it is defending a lawsuit against another party. Lawsuits between foreign firms and Turkish subjects are heard before mixed tribunals. The only exception is on account of real estate holdings, such cases being subject to the Turkish courts. Foreigners only pay taxes to the Turkish Government when they are property holders, except that there is also a special form of income tax which foreigners paid during the war. Foreign firms and banks are not required to submit to any legal formalities to establish a branch in Turkey. They conserve their nationality and are subject to the laws of their own country in regard to their internal organization. A representative of the consulate concerned is present at all lawsuits tried before the mixed tribunals and his signature is necessary to any decision. The future status of foreign firms and that of the system of capitulations has yet to be decided.

#### LANGUAGES

Constantinople may be said to be the most cosmopolitan city in the world, and this fact should be borne in mind by Canadian firms desirous of doing business with



this centre. The most useful European language for business purposes is French, since this language is the medium by which business is usually transacted between Europeans and the native firms. Correspondence with all, except the British and American firms, should therefore be in the French language. English is becoming more generally understood in Constantinople, especially since a large number of British troops became stationed in the city.

For advertising, the local newspapers are the best medium. Street advertising is comparatively little developed. There are newspapers with a daily circulation of from 3,000 to 10,000 published in the Turkish, French, Greek, Armenian, and Russian languages. The leading French dailies, such as *Stamboul*, *Bosphore*, have a circulation of approximately 7,000 to 8,000, and advertising rates are about 30 piastres (24 cents at present rates) per centimetre (0.39 inch). There are also a number of commercial reviews published in French, such as *L'Economiste d'Orient*, *Revue Commerciale d'Orient*, and *L'Information d'Orient*. A good advertising medium is the *Journal* of the British Chamber of Commerce for Turkey and the Balkan States, which circulates among the principal foreign and native firms. There are a number of Turkish dailies, the leading ones having a circulation of about 10,000. The principal Greek newspapers in Constantinople are *Pratris*, *Proia*, *Proodos*, and *Neologos*, with daily circulations from 3,000 to 7,000. There are also four leading Armenian papers and a few Russian publications.

#### STEAMSHIP LINES

Up to the present there has been no regular service of steamers between Canadian ports and Constantinople. Canadian goods have therefore mostly been shipped to this port through New York. The establishment of a direct service from Canada would undoubtedly prove of great benefit to the development of Canadian trade with the Black Sea countries, and it is hoped that when normal conditions are restored in this part of the world the traffic prospects will warrant the inauguration of such a service.

Regular communication between American ports and Constantinople is at present afforded by the two British lines, the Cunard and the Furness Withy companies. The former have been operating monthly sailings from New York and Philadelphia and the latter a monthly service from New York. Numerous sailings to Constantinople and the Black sea have also been maintained since the armistice by steamers operated by the United States Shipping Board and by the Black Arrow line. It is reported that 57 vessels of American registry called at the port during the year 1919.

From Great Britain frequent and regular services to Constantinople are maintained by the Ellerman, Moss, Cunard and Furness Withy lines. An Italian company, the Lloyd Triestino, which has taken over the steamers of the former Austrian Lloyd, maintains the most regular services between Constantinople and the other ports of the Levant and the Black sea and also operates an express line to and from Trieste. The Servizi Marittimi, another Italian company, runs frequent steamers between Naples and Constantinople. The Adria Navigation Company have also a regular service with Taranto. The principal French companies with regular services between Constantinople and Marseilles are the Messageries Maritimes, N. Paquet and Company, and the French Levant line.

The Service Maritime Roumaine maintain a weekly express service between Constantinople and Roumanian ports and a fortnightly service to Naples. The Khedivial Mail Steamship Company operate steamers to and from Egyptian ports and the Russian Steamship and Trading Company are the principal line with regular sailings to Sabastopol.

Besides these regular lines there are numerous Greek steamers, which afford communication between Constantinople and the ports of the Eastern Mediterranean

and Black Sea. There are also Turkish companies such as the Serai Sefain Steamship Company, which maintain coastal services between the ports of the Anatolian coast and the sea of Marmora.

#### TARIFF AND TRADE RESTRICTIONS

Before the outbreak of the war the customs duties levied on goods imported into Turkey amounted to 11 per cent *ad valorem*, as fixed by agreement by the powers under the "capitulations." In 1916, during the war, the Government imposed a specific tariff, which is still in force. Owing to the depreciation of the Turkish currency the specific duties under this tariff work out to much less than the 11 per cent duties. The average duty on most lines at present prices is said to be about 4 per cent. In addition there is a consumption tax on all goods imported. It is probable that, as soon as the necessary machinery can be set up, there will be a return to the 11 per cent *ad valorem* tariff in force before the war.

There are practically no restrictions on imports into Turkey, the only goods being prohibited are military supplies and articles of military value, leaf tobacco, cocaine and second-hand clothes. The export of such products as are required in Turkey is prohibited, including cereals, certain vegetables, flour, local fish and other foodstuffs, articles of first necessity, timber and building materials, certain drugs, fuel and the precious metals. Exports are subject to a 1 per cent duty, when shipped abroad.

#### TERMS OF SALE

British and other exporters are at present selling goods to reliable Constantinople import houses on the basis of documents against payment on arrival at Constantinople. Quotations are hence usually *c.i.f.* Constantinople. The documents are sent through a bank of the latter port, and delivery of the goods is taken after the draft drawn against the importer has been met. Leading import firms in Constantinople told the writer that American exporters frequently request the opening of a letter of credit in their favour, but that these terms were too stringent, when the same goods could be obtained from Great Britain or some other source on the terms above mentioned. The opening of a letter of credit was too dear and involved the tying up of so much available capital or credit at the bank. A considerable amount of consignment business was being transacted with Constantinople in certain lines before the market broke last winter. Exporters would ship on consignment to a bank or other agency with instructions to dispose of the goods as they advised. In this way the goods could be stored in a transit warehouse awaiting sale to buyers in Constantinople or other Black Sea countries without payment of duty until withdrawn for sale in Turkey. A large part of this consignment business was being done by Levant firms established in Great Britain or the United States.

#### DISCRETION NECESSARY

In view of the present trade depression and low business morality of certain firms in Constantinople, Canadian exporters should exercise the greatest care to accept orders, on the basis of cash against documents Constantinople, only from the most reliable firms, who give satisfactory references. During the period of speculation it was common for firms, especially the native firms, to place orders for speculative purposes, and if the market went against them to refuse to take the documents on the arrival of the goods. Moreover, at the present period of stagnation many firms have all their available resources tied up in merchandise and with prices falling in producing markets, their position is none too secure. Many are being supported by those banks who have made heavy advances on merchandise. The financial stringency has therefore made the situation precarious for those firms and banks who were most involved in the speculative activity of last year. Under these circumstances the greatest care and discretion will be needed in dealing with this market for some time.



## RELIABLE FIRMS

On the other hand there are many commercial houses and commission agents in Constantinople, both foreign and native, who are most reliable and who conduct their affairs on a strictly business and non-speculative basis. Among these are the leading British firms, which are a credit to British commercial enterprise and with their well-organized departments are similar to British trading firms in the Far East and other parts of the world. Besides engaging in the import and export of all lines, these houses usually do a commission business and handle insurance and shipping agencies. As an example of an old-established British firm in Turkey, there may be mentioned the well-known house of J. W. Whittall and Company, Limited. This firm has branches or agents throughout the country and they have also an interest in mines, grain cleaning and other factories, as well as a complete organization for import, export, commission, insurance and shipping business. The British Trade Corporation of London, with which is affiliated the National Bank of Turkey, have recently purchased an interest in this firm and a subsidiary, the Levant Company, has been formed for business in Turkey, Roumania, Jugo-Slavia and throughout the Levant.

The British firms in Turkey naturally have made a specialty of dealing in British goods, especially Manchester goods. The fact that these firms have also shipping agencies leads them to seek supplies from Great Britain whenever possible. The desire to promote trade with the Empire and to establish competitive connections for the lines being introduced into the market by newly formed American trading corporations will always tend to make these British firms give every consideration to propositions from Canada for the supply of goods or for the introduction of a new line on to the market. The writer interviewed most of the principal foreign and native firms in Constantinople and nearly all expressed an interest in Canada, although there is room for propaganda as to the lines which Canada is in a position to supply. A number of trade inquiries were forwarded to the Department of Trade and Commerce, Ottawa, on behalf of these firms, but naturally in view of the present trade depression most of these relate to the future, since in only a few lines is there an opportunity for immediate business with Constantinople. A list of the principal importing houses in Constantinople has also been forwarded to the department at Ottawa, and may be obtained by Canadian firms interested upon application.

## V

## Openings for Trade

The notes given below with reference to the various lines imported into Constantinople will indicate the principal opportunities for the sale of Canadian goods to this market. These particulars are not presumed to cover all the lines for which there might be a demand, and in view of the present trade situation the attention of the writer was naturally most directed to those branches of trade for which there is likely to be an opening in the immediate future.

The requirements of the Constantinople market are very varied and cover almost all lines of goods, including most of those manufactured in Canada. In addition to foodstuffs, textiles, wearing apparel, and other articles consumed by the population, the reconstruction and development of the country will lead to a demand for machinery and constructional equipment of all kinds. These latter openings for future trade should be of special interest to Canada.

## BUILDING MATERIALS

One of the principal demands at the present time is for all kinds of building material. There is a great shortage of accommodation in Constantinople and the housing crisis has become acute. The population of the city has been increasing greatly since the outbreak of the war, and the situation has been further complicated by the large influx of refugees, both Turkish and European. The devastation resulting



from the war and subsequent political unrest caused many families to seek security in the capital, while lately there has been a migration from the districts taken over by Greece. Still more serious has been the flood of refugees from South Russia. In addition there are a large number of Allied troops in and around the city, while the establishment of new foreign firms and various Allied missions have also added to the demand for accommodation.



View of the Galata Bridge at Constantinople.

The housing shortage has been very much aggravated by periodical fires of a devastating character. These have always been of frequent occurrence in Constantinople, owing to the majority of houses being of wood and the fact that they are built close together with the streets very narrow. Before the war the losses due to the fires were always quickly made good by the rebuilding of the devastated quarters. The scarcity and high prices of all building materials have prohibited building operations since the outbreak of the war. The figures show that 17,191 buildings have been burnt down during the last ten years, while only 532 have been built. About one-fifth of the total area of the city is said to have been devastated by fire.

Besides the reconstruction work which will be necessary at Constantinople, there were many Greek and Armenian villages in Asia Minor destroyed during the war, and the period of destructive activity is not yet over. The restoration of conditions of peace in Turkey will therefore result in a demand for lumber and building materials of various kinds, which should afford opportunities for Canadian trade.

#### PORTABLE HOUSES

The acuteness of the housing problem in Constantinople has led, in spite of the high cost of materials, to a renewal of building activity. Plans are being formed for rebuilding those quarters which have been destroyed by fire. An American company proposes to construct modern apartment houses in the European part of the city. Another company is reported to have imported portable houses in sections from Canada and the United States to be set up in one of the burnt areas. There should be an opportunity for this business for some years, and several Constantinople firms inquired for Canadian exporters of portable houses. The names of these inquirers may be obtained by interested Canadian firms on application to the Commercial Intelligence Branch, Department of Trade and Commerce, Ottawa.

## LUMBER

Besides the temporary requirements for portable houses, the renewal of building activity will necessitate the importation of lumber into Constantinople on a fairly considerable scale. It is estimated that the reconstruction of the houses which have been burnt in the capital will require about 70,000,000 cubic feet of lumber. Wood for building purposes was formerly obtained from the forest districts of Anatolia, Austria-Hungary, Roumania, and Scandinavia. The backward state of the country and the lack of transportation has hindered the exploitation of the forest wealth of Anatolia. The present capacity of the Turkish saw-mills, even under stable conditions in the interior, could not be much more than 4,000,000 cubic feet a year. Roumania has important timber resources, but the disorganized transport in that country will make the export of finished lumber difficult for a few years. For these reasons Constantinople timber merchants are seeking connections in North America for the supply of lumber. The unstable political situation and the unfavourable rate of exchange will restrict business for the present, but it is believed that something could be done with Canada in boards, deals and dressed lumber, such as doors, windows, flooring, etc. The lack of skilled labour makes it preferable to import finished material rather than to purchase rough lumber and to manufacture locally. It is hoped that Canadian lumbermen will be able to secure a footing in the Turkish market, as the demands are certain to be great as soon as conditions become more normal.

## IRON AND STEEL MATERIALS

The resumption of building operations has already brought about a demand for such materials as central heating installations, ferro-concrete rods, bolts and nuts, nails, mild steel plates, iron tubes, etc. In most of these lines the bulk of the orders are going to Belgium and France, especially to the former, who are underquoting British and other suppliers in some cases by as much as 20 per cent. The only considerable importations from the United States in this branch of trade are iron tubes, black and galvanized, and water pipes. The dimensions run from  $\frac{1}{4}$  to 3 inches and Canadian firms should be in a position to bid for some of this business.

Other iron and steel lines imported into Constantinople include merchant bars, round from  $\frac{3}{16}$  to  $3\frac{1}{2}$  inches, square from  $\frac{1}{8}$  to  $2\frac{5}{8}$  inches and flat, all dimensions; angles; channels; beams; T-iron; flat and corrugated galvanized iron plates; hoops of all kinds; wire; nails; screws and rivets. Belgium may now be regarded as the chief competitor to be met in all these lines.

## MACHINERY AND ENGINEERING SUPPLIES

The development of Anatolia will give opportunities for the sale of all kinds of machinery to Constantinople. At present there is a demand for renewed equipment from the mining districts. The majority of the large mines such as the Heraclea coal mines and the Balia-Karaidine silver lead deposits, are now controlled by French financial interests and a preference is given to supplies from France. The smaller mining concessions will also later require to purchase pumps, drills, light railway equipment, excavators and other supplies. The establishment of various factories in Turkey will create a demand for industrial machinery for carpet factories, textile mills, leather factories, tobacco and cigarette factories, and leather tanneries. The prospects for the sale of saw-milling machinery and logging appliances to Turkey were indicated above in the section dealing with forest resources. There should also be mentioned the future possibilities of the trade in electrical equipment, telephone and electrical apparatus. Electric lamps and cables have been imported since the armistice from Holland, Great Britain and Switzerland, largely with a view to re-export to Russia. At present the market is therefore overstocked with these lines. It may be anticipated that there will be a great increase in the number of electrical installations as soon as normal conditions are re-established. The railways of Turkey will require to purchase a large amount of rolling stock and other equipment, as



well as materials for new construction and in this branch of trade there should be good opportunities for Canadian firms. A general review of the railways of the country was given in a preceding section of this report. American firms have lately been negotiating for the installation of waterworks in Turkish towns, and it is expected that these and other modern utilities will be instituted as the country returns to order and prosperity. The above will serve to indicate some of the principal openings for machinery, equipment and allied lines in Turkey. The present is a favourable time to seek connections, as the Constantinople firms are preparing for a considerable development of this branch of trade, when the country returns to normal conditions.

#### AGRICULTURAL MACHINERY

Agriculture is the principal industry of Turkey and affords the chief occupation for the majority of the inhabitants. Ploughs and mowers and reapers were the agricultural machinery lines most in demand before the war. The primitive conditions under which agriculture is conducted in most parts of Turkey were referred to above. It was pointed out that the use of agricultural machines was largely confined to those districts settled by Mohammedan immigrants from the European parts of the former Turkish Empire or by Christians. The outlook for the future trade in agricultural machines is considered promising, although the rate of exchange will restrict business for some years. Under an enlightened administration modern farming methods would undoubtedly become more general in Asia Minor and the demand for up-to-date implements and machines would consequently be very large. The chief openings for the sale of Canadian implement lines would appear to be in tractors, ploughs and harvesting machines.

The ploughs manufactured by the German firm of Rudolph Sack had an extensive sale in Turkey before the war and were best suited to the local conditions. This firm had taken great pains to develop a plough suitable for the market and sent out experts every year to experiment in its use. The Sack D.6.R. make of single furrow plough with fore-carriage was in the greatest demand and sold in 1914 for the equivalent of about \$9. Efforts have been made since the armistice to induce British firms to take up the manufacture of this type of plough, but so far without success.

There is considered to be a good opportunity for the introduction of a light tractor—10 to 20 horse-power—into Turkey, since there is a great scarcity of farm animals. Several representatives of American firms have been in Constantinople demonstrating different makes of tractors to Government departments and farmers' societies. The sale of tractors would bring about a demand for two and three-furrow ploughing sets.

About 5,000 harvesting machines were distributed annually through Constantinople agents before the war, the chief demand being for reapers. Canadian machines have lately been shipped to the Smyrna district and the Constantinople firms were anxious to secure the representation for Canadian makes with a view to the resumption of active trade in this line. The rate of exchange may be expected to considerably restrict the volume of business possible in harvesting machines for some years, since at present prices comparatively few farmers could afford to purchase imported machines.

Other implements sold in quantities before the war included scythes and sickles and pumps. Extensive irrigation works had been commenced by the Germans, and in one district a tract of 200,000 acres was being rendered suitable for cultivation. The execution of such schemes will tend to greatly raise the standard of agriculture in Turkey and at the same time will necessitate the importation of a considerable amount of equipment. A company known as the Agricultural Improvement and Progress Corporation, has lately been organized at Constantinople for the purpose of bettering farming methods and for the purchase abroad of agricultural machinery and implements. The Turkish Government has also commenced to take a more



active interest in the improvement of agricultural conditions. The development of the trade with Constantinople in agricultural machinery should therefore be closely followed by Canadian firms and no reasonable opportunity should be neglected to secure a foothold in this market.

#### MOTOR CARS

The sale of motor cars has been increasing in Constantinople and a great variety of makes are represented, but owing to the poor state of the roads a cheap light car with a high clearance is the most suitable. A great number of cars from the United States have recently been brought in by an American firm and have met with a ready sale. Italian cars are also much in evidence, while some of the leading British manufacturers of motor cars have appointed agents in Constantinople. There is also a good demand for light trucks, up to three tons, which are used to supplement the disorganized transport services and for carrying goods in the city.

#### MARINE MOTORS

Under ordinary conditions there would be a market in Constantinople for marine motors, which are being increasingly used by the native boat owners for the purpose of carrying cargoes or for fishing. The engines should be cheap in price and nicely finished. The four-stroke engine with electric ignition is preferred. Benzine, gasoline and crude oil are all available at Constantinople.

#### TEXTILES AND KNITTED GOODS

The largest branch of import into Constantinople is comprised of textiles. A large trade is done in Manchester goods, while since the armistice considerable quantities of cotton cloth have been imported from Italy, Spain, France and the United States. The latter country has shipped chiefly grey shirtings. Austria and Germany were keen competitors of Manchester in nearly all lines of cotton before the war. Cotton prints are supplied by Great Britain and Italy, there being a good demand for heavy twill prints for winter wear. Italy holds the bulk of the trade in cabots, satinettes, flannelettes, zephyrs and drills. In most other lines Manchester has held the greater part of the trade. At present the market is largely overstocked with most lines of cotton goods and business is depressed.

Woollen goods have been supplied to Constantinople from Great Britain, France and Italy, with Germany an important shipper before the war. The winters are cold in Turkey and woollen clothing is worn by the majority of the population. Germany and France formerly sold most of the woollen dress goods to this market, and also did a considerable trade in woollen blankets, bed covers, animal rugs and mixed wool and cotton goods, worsteds, etc. In most of the woollen and mixture lines, however, Great Britain has the bulk of the trade.

There might be an opening for the sale of Canadian blankets and certain grades of cloth in addition to knitted goods, which latter were largely shipped from Germany before the war. Great Britain is now doing the most business in socks and stockings of wool or mixtures and in underwear. Canadian manufacturers of knitted goods should bear in mind that the Turkish market calls chiefly for cheap goods of inferior quality. No great attention is paid to the manner in which the goods are packed for retail sale. Additional expense incurred for cardboard boxes, etc., only increases the price and makes it more difficult to meet competition. Most of the goods reach the consumer through the medium of the bazaars, which are a feature of every Turkish town.

There is a considerable importation of cotton and woollen yarns into Constantinople, with Great Britain the chief source of supply. Cotton yarn has been supplied by the United States since the armistice.

In all of the above textile lines business has been depressed during the past few months.

## CLOTHING ARTICLES

Austria had developed a trade with Constantinople in ready-made clothing, which is now in great demand. Shirts, collars, ties, hats and other wearing apparel of the better class as well as ladies' wear finds a limited market among the European population of the capital and the educated Turks. There is a very large trade in felt fezzes, which are worn by all Turks instead of a hat. An Austrian factory supplied nearly all the fezzes sold before the war, while since the armistice other countries, notably Italy, have attempted to secure this trade. Italy is also doing a remunerative business in supplying black tassels to be used with the fezzes.

## LEATHER

There has not been any great business in leather with Constantinople since the armistice. Italy has sent a certain quantity and French leather has also been imported. Before the war Belgium and France were the chief sources of supply. The following figures supplied by the leading importers show the pre-war average importations of different kinds of leather per year:—

Sole leather.. . . .	18,000 bales
Glace kid.. . . .	10,000 dozen
Box calf.. . . .	8,000 dozen
Patent leather.. . . .	12,000 dozen

Germany and Austria supplied certain kinds of patent leather, and quite a fair quantity of British leather was also imported. There is a small amount of leather manufactured locally, which is of good quality. The names of the principal leather importers in Constantinople have been forwarded to the Commercial Intelligence Branch, Department of Trade and Commerce, Ottawa.

## BOOTS AND SHOES

A quantity of Spanish boots and shoes was shipped to Constantinople shortly after the armistice. Later the United States commenced supplying considerable quantities of cheap but attractively made footwear. Canadian firms might be able to do something in this line, when the trade recovers from the present depression.

## DRUGS AND CHEMICALS

Germany and Austria were the chief sources of supply for the drugs and chemicals imported into Turkey up to the armistice, but since then Great Britain has become the leading country in this trade. Canadian chemical manufacturers should appoint agents in Constantinople with a view of developing business with this market. Retailers of drugs in Turkey are accustomed to the French pharmacopœia and the names of all preparations should be according to French practice. One of the principal distributors of pharmaceutical products in Turkey is a British firm, Droguerie Centrale D'Orient, which operates a chain of retail stores in the more important towns and also conducts a considerable wholesale business. There might be an opening for Canadian trade in certain of the heavy chemicals imported into Constantinople.

## PAPER

The leading firms in Constantinople were interested in the possibility of obtaining supplies of newsprint and writing papers from Canada, since difficulties were being encountered in receiving regular shipments from Scandinavia, which has always been the chief source of supply. Austrian and German papers were also imported before the war and a certain amount of Czecho-Slovak paper is said to have reached the market recently through Trieste.

## CANDLES AND SOAP

There is a considerable importation of candles into Constantinople, and British firms have been doing a fairly large amount of business. The same applies to soap for which there is a steady demand.

## HARDWARE

Kitchen utensils, cutlery and other hardware articles are required in Turkey, and in these lines the cheap products of Germany and Austria formerly comprised the bulk of the importations. Great Britain has now commenced to ship many of the articles formerly supplied by these two countries, but business is at present greatly restricted. Canadian firms might do some business in certain kinds of tools. Oil stoves are used to an increasing extent in Turkey and offer a good opening for future trade. Cheap iron bedsteads are also required. Besides the trade in the cheap lines of hardware and metal goods for the interior and the bazaars of the principal towns, there is a limited market for articles of better quality among the European population and the higher classes of Turks.

## PROVISIONS

The importations of various kinds of provisions into Constantinople offers one of the best openings for the development of Canadian trade with this market. At the present time this large city is almost entirely dependent upon outside sources for supplies of essential foodstuffs. The disturbed conditions in the interior have cut off Constantinople from the hinterland of Asia Minor, from which in normal times were drawn the bulk of the food supplies for the population of the capital.

The cost of living at Constantinople, reckoned on a gold basis, may be said to be higher than in any other capital of the former belligerent countries of Europe. It is estimated that the paper prices of necessities have increased on an average of 1,450 per cent since the outbreak of the war. The exchange value of the Turkish paper currency, on the other hand, has decreased by over five times as compared with the United States dollar. The position may be expressed in other words by saying that for an article which formerly cost \$4.40 the inhabitant of Constantinople has now to pay the equivalent in paper of \$11.60 gold, but, as wages and salaries have not as a general rule risen in proportion to the depreciation of the paper money, the increased cost of necessities has actually been much greater for the majority of the population than that represented by these figures.

The great shortage of essential foodstuffs and the consequent high prices has led to a demand for cheap articles of diet imported from abroad, such as salted codfish and canned goods of various kinds. The prices of meat are such as to make this article prohibitive for the vast bulk of the population of Constantinople. This has resulted in a considerable trade since the armistice in various substitutes for meat and other food supplies previously drawn from the interior of Asia Minor. During the war the people became accustomed to the use of canned foods, so that there is now a steady demand for most of these provision lines.

Canadian jams and marmalades, salted codfish from Nova Scotia and Newfoundland, and British Columbia canned salmon have already secured a footing in the Constantinople market. There is an opportunity for other Canadian provision lines to participate in this trade. A list of the principal firms in Constantinople importing provisions has been forwarded to the Commercial Intelligence Branch, Department of Trade and Commerce, Ottawa, and a copy may be obtained by interested Canadian exporters on application. It should be borne in mind that Constantinople offers great possibilities as a transit centre for the trade with other Black Sea countries, including southern Russia, and is also the chief commercial centre for what is left of Turkey. A footing secured in this market at the present time may therefore lead to a considerable business in the future when normal conditions are once more restored in this part of the world. For this reason it is hoped that the following notes with regard to the trade with Constantinople in the principal provision lines will be of interest to Canadian firms:—

*Salted codfish.*—Newfoundland cod is sold to Constantinople importers principally by houses in Liverpool, England. The high prices of other foodstuffs have brought about a great demand for salted codfish, because of the salt it contains as well as for



its food value and relative cheapness. Religious reasons also influence the sale of codfish both among the Mohammedans and Orthodox Greeks, a fish diet being obligatory on certain days and during certain seasons of the year. The waters in the neighbourhood of Constantinople contain a plentiful supply of fresh fish, but salted cod is prized for its keeping qualities. Salted codfish is at present being sold wholesale at 75 piastres an oke, which at the prevailing rate of exchange works out to about \$0.335 a pound. This product is imported packed in gunny sacks.

*Canned salmon.*—The trade with Constantinople in canned salmon is at present largely being conducted by commission houses in New York, who ship on consignment to a Constantinople bank or other agency. The consignment is placed in the transit warehouse of the bank and the latter sells on instructions from the consignors. Duty is paid only as the goods are withdrawn from the transit warehouse, and hence part of the consignment may be sold to other neighbouring countries without payment of duty to the Turkish customs. Consignments of from 4,000 to 5,000 cases have been sent to Constantinople in this way by houses in New York familiar with the Levant trade.

Canned salmon has become a popular article of diet in Constantinople since the armistice. The chief contributing factors have been the general use of canned goods during and since the war and the shortage of meat. Since bread must be the principal food for many of the inhabitants, a cheap foodstuff is desired which can be consumed with the bread to make the meal more palatable and varied. In this way a tin of salmon is sufficient to provide a meal for a whole family when taken with a liberal quantity of bread. A one-pound tin of what is known in this market as "Pink" salmon retails at about 32½ piastres, while that designated as "White" retails at 25 piastres. The equivalents of these prices at the present rate of exchange are \$0.396 and \$0.3125 respectively. Tall tins appear to be more generally sold than flats. British Columbia labels are frequent, but no instance of a direct export from Canada came to the attention of the writer. The Constantinople market should be of value to British Columbia canners as providing an outlet for the disposal of the cheaper grades of canned salmon.

*Herrings.*—English herrings have been sold in Constantinople, recent shipments amounting to about 1,000 cases of six dozen tins a month. The two-pound tins have been sold wholesale at the equivalent of about \$0.1875 a tin. The retail price is about 25 cents a tin.

*Lobsters.*—Canned lobsters are sold as luxury goods to the hotels and restaurants and to the wealthier inhabitants of Constantinople. The price retail is about \$1.25 for a one-pound tin at the present rate of exchange. Nova Scotia lobsters are on the market in competition with other brands.

*Jams and marmalades.*—A Canadian (Ontario) brand of jams and marmalades has an extensive sale in Constantinople. The brand is represented by a leading importing house, and so popular has it become that another firm which had received a shipment of inferior goods from the United States took the step of having labels printed imitating those of the Canadian brand. This particular Canadian jam sells retail at 60 piastres (about 75 cents at present rate) for a two-pound tin. English jams and marmalades come dearer in price, but have also a large sale, all the leading English brands being represented on the market. The English houses usually grant importers a discount of 2½ per cent, terms documents against payment on arrival at Constantinople. Jams and marmalades are sold principally to the Christian population of Constantinople and to the more well-to-do Turks, but the demand is fairly large and there was inquiry for the representation of other Canadian brands not already introduced in this market. Apricot and peach jams and marmalades appear to have the most extensive sale.

*Canned fruits and vegetables.*—A well-known American brand of canned fruits and vegetables and a California line of canned fruits are represented in Constantinople by energetic agents and have the bulk of the trade in this line. There was reported

to be an opening for competing Canadian brands. All kinds of canned vegetables have a limited sale, while of the canned fruits the greatest demand is for apricots and peaches. The following are the retail prices at present ruling in Constantinople for two-pound tins of the different canned fruits, together with the equivalent in dollars and cents at the present rate of exchange:—

	Piastres	Dollars
Peaches.. . . . .	65	0.81
Apricots.. . . . .	70	0.875
Pears.. . . . .	80	1.00
Pineapples.. . . . .	100	1.25

Canned fruits and vegetables are principally sold to the Christian population of Constantinople and to the more affluent Turks.

*Canned Meats.*—There have been large importations of canned meats from the United States, but the possibilities for Canada participating in this trade were not considered promising.

*Flour.*—A large quantity of flour has been imported into Constantinople since the armistice from the United States and Canada. This flour has been brought in by relief organizations and through ordinary commercial channels. During the first six months of 1920 approximately 15,546 tons of flour were imported. This trade, however, must be considered temporary since in normal times the production of the local mills is supplemented by importations of flour from Roumania and other neighbouring countries. The present wholesale price of American flour at Constantinople is from 1,025 to 1,475 piastres (\$8.20 to \$11.80 at present rate) per sack of 138 pounds.

*Biscuits.*—A large trade is carried on in English biscuits, such as the Huntley and Palmers and Peck, Frean brands. Consignments of biscuits have been received from the United States, but so far no large trade has been developed. Besides Great Britain, the only other important pre-war suppliers of biscuits to Turkey were France and Russia. The former shipped fancy biscuits and the latter country a cheap variety known as "Gallettes," which is practically a round cake made of flour and water, but very popular owing to its cheapness. Biscuits, similar to these Russian products, are also made locally. Since the armistice the bulk of the trade has been in the English brands above mentioned. These biscuits are packed in one and two-pound tins, in large tins containing 7 to 10 pounds and in barrels. If Canadian biscuit manufacturers could compete in price and quality with English biscuits and grant the same terms, a promising trade might be developed. Before the war the importations of biscuits into Turkey amounted to over 2,000,000 pounds a year.

*Tea.*—It is considered possible by Constantinople houses that some business might be done in package tea from Canada for the use of the European population.

*Chocolate.*—The quantity of chocolate imported into Constantinople is considerable, and British, Swiss and French firms are doing a large business with this market. This trade, however, is not of interest to Canada.

*Condensed milk.*—There has been a considerable amount of speculation at Constantinople recently in condensed milk with the result that the market is overstocked. When this trade is again placed upon a normal basis, the firms at Constantinople dealing in provision lines would be interested to receive offers from Canadian exporters of condensed milk.

#### TERMS

Most of the business with Constantinople in provision lines is at present being transacted on the basis of cash against documents c.i.f. Constantinople. Canadian exporters desirous of obtaining orders from this market would have to conform to these terms, but care should be taken to deal only with reliable firms, who can give satisfactory references. The list of importers, which has been forwarded to Ottawa, as referred to above, includes the principal firms importing provisions into Constantinople and may be obtained by interested exporters on application to the Department of Trade and Commerce, Ottawa.

TRADE POSSIBILITIES OF YUGOSLAVIA

I

The Country and its Products

Belgrade, January 15, 1921.—Yugoslavia is one of the newly formed countries which presents great possibilities for future development. In respect of natural resources it is one of the richest countries in Europe, possessing great potential wealth in agriculture, timber, minerals and water-power. In the report on the trade and industries of Ozecho-Slovakia which appears in another part of this volume, the writer has pointed out that the latter country contained over 80 per cent of the manufacturing industries of the former Austro-Hungarian Empire. Similarly it may be said that Yugoslavia possesses the greater part of the agriculture of the prewar Austria-Hungary. The fertile plains of Southern Hungary, known before the war as the “Granary of Europe,” are now mostly comprised within the boundaries of Yugoslavia. This new country also embraces the Kingdom of Serbia, which is essentially agricultural. In addition Yugoslavia has large tracts of valuable timber and is rich in minerals. In regard to potential water-power the country resembles Canada. For these reasons it is important that Canadian firms should carefully inquire into the opportunities for developing trade relations with this country.

Yugoslavia has been formed by the union of nearly all the territories inhabited by Southern (Yugo) Slavs. The official name of the new state is the Kingdom of Serbs, Croats and Slovenes (Kral jevine Srba, Hrvata i Slovenaca), abbreviated to SHS. It is composed of the former independent Kingdom of Serbia; Southern Serbia or the territory acquired as a result of the Balkan wars of 1912 and 1913; the former Kingdom of Montenegro; Croatia and Slavonia; the Hungarian provinces of Bachka, Baranya and the Banat of Torontol; the Austrian districts of Carniola, Southern Carinthia and Southern Styria; Bosnia and Herzegovina; and Dalmatia (except Zara).

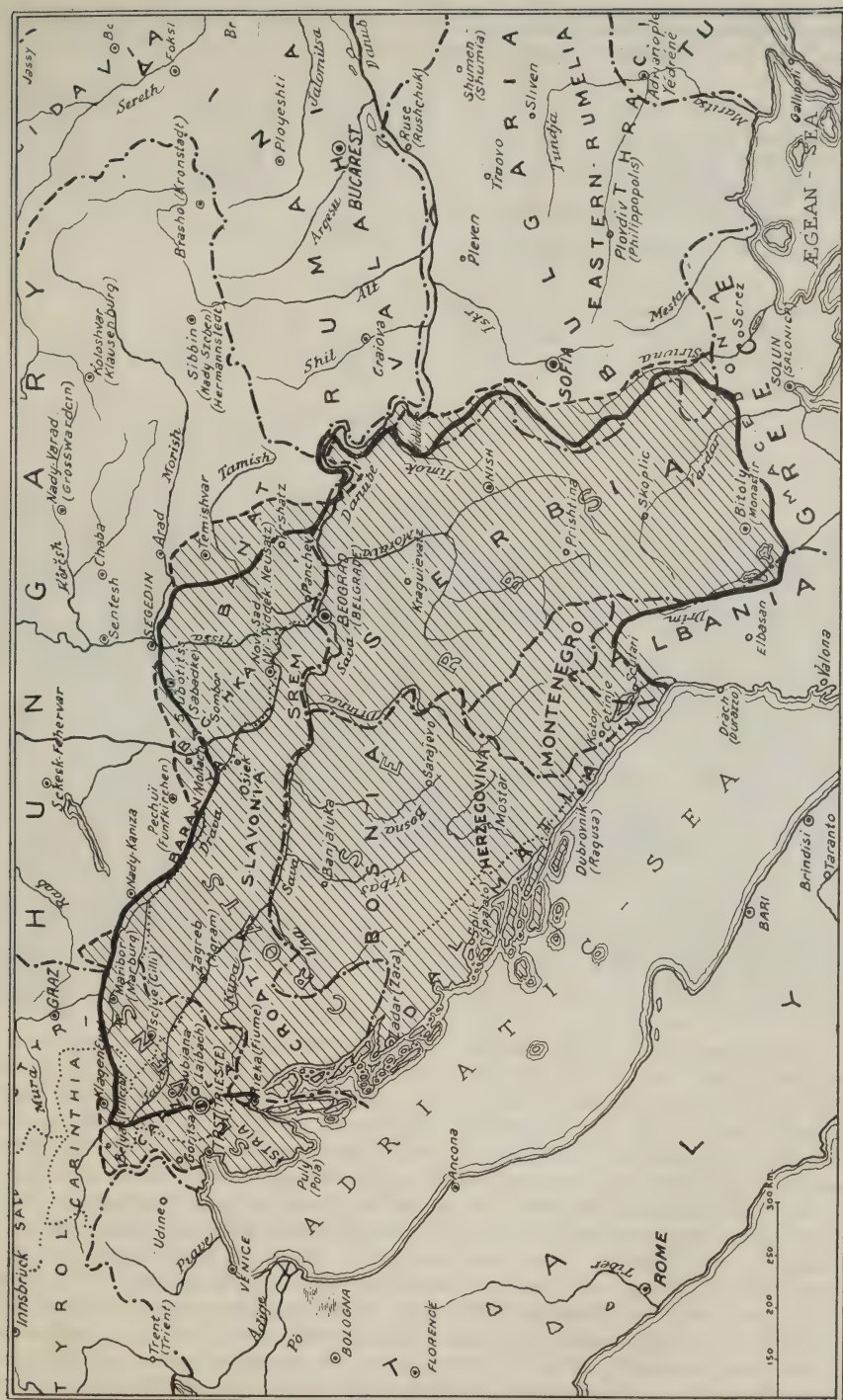
AREA AND POPULATION

The total area of the new state is approximately 96,923 square miles, or nearly double the combined area of the Maritime Provinces of Canada. The total population is estimated at 12,701,759. Yugoslavia is therefore over five times larger in area and four times greater in population than the Serbia of 1912, which formed the nucleus for the union of all the Southern Slavs into one state. The following figures show the successive enlargements of the territory and population of the independent Yugoslav state since the period preceding the Balkan wars.

	Area	
	Square Miles	Population
Serbia (January, 1912) . . . . .	18,642	2,956,909
Greater Serbia (January, 1914) . . . . .	33,715	4,489,346
Yugoslavia (January, 1921) . . . . .	96,923	12,701,759

It is thus seen that the new Yugoslav state represents the most considerable proportionate increase of territory acquired by any of the independent European countries as a result of the war.





Map of Yugoslavia. Shaded portion represents territory inhabited by Yugoslavs. Heavy y line indicates present boundary.

## TERRITORIAL DIVISIONS

The Kingdom of Serbs, Croats and Slovenes is usually divided for purposes of analysis into the following historical divisions:—

	Area Square Miles	Population	Density per Square Miles
Serbia, proper. . . . .	18,642	2,956,909	164
Southern Serbia. . . . .	15,073	1,530,437	102
Croatia and Slavonia . . . . .	16,418	2,621,954	164
Bosnia-Herzegovina. . . . .	19,760	1,931,802	100
The Voivodine (Bachka, Baranya and Banat) . . . . .	8,069	1,338,048	167
Slovenia (lands inhabited by Slovenes, i.e., Carniola, Southern Carinthia and Southern Styria) . . . . .	8,140	1,174,215	147
Medjumurje (districts between the rivers Mur and Drave in former Hungary) . . . . .	396	65,728	166
Dalmatia. . . . .	4,952	645,666	129
Montenegro. . . . .	5,473	435,000	87
	<hr/> 96,923 <hr/>	<hr/> 12,701,759 <hr/>	<hr/> 132 <hr/>

## BOUNDARIES

The Kingdom of Serbs, Croats and Slovenes is bounded on the west by the Kingdom of Italy and the Adriatic sea; on the north by Austria and Hungary; on the east by Roumania and Bulgaria; and on the south by Greece and Albania.

The western boundary with Italy has lately been fixed by the Treaty of Rapallo, signed between the two countries last November. By this treaty Italy secures the whole of former Austrian province of Istria. The boundary runs south from the Julian Alps and crosses the railway from Slovenia to Trieste and Fiume (Rijeka) about 23 miles west of Ljubljana. It then runs parallel to the railway line as far as Fiume (Rijeka). The latter city has been formed into an independent state with boundaries contiguous to both Italy and Yugoslavia. The Treaty of Rapallo assigns to Italy the islands of Cherso and Lussin in the gulf of Quarnero, while the islands of Veglia (Krk) and Arbe (Rab) are given to Yugoslavia. The Italians also secure the town of Zara (Zadar), population 13,000, on the Dalmatian coast, and the small island of Lagosta (Lastova) some distance off the coast between the towns of Split (Spalato) and Dubrovnick (Ragusa). The remaining Dalmatian islands and the coast as far as Albania are assigned to Yugoslavia. The latter country has therefore a coast line of about 644 miles.

The northern boundary of Yugoslavia with the Republic of Austria follows the valley of the Drave east from the Julian Alps, but passes to the south of the towns of Villach and Klagenfurt, which remain Austrian. East of Klagenfurt the boundary runs north of the Drave until it reaches the river Mur, about twelve miles north of Maribor (Marburg). It then follows that river to its junction with the Drave, which then forms the boundary with Hungary until about thirty miles from the town of Osijek. The boundary then cuts eastwards across the great plain passing just north of the town of Subotica, but south of Szegedin. East of this city commences the boundary with Roumania, which runs in a southeasterly direction across the plains of the Banat to the Danube. This river then forms the boundary as it passes through the great defiles of Kazan and the Iron Gates, and as far as the mouth of the Timok.

The river Timok forms the northern part of the boundary with Bulgaria, which generally speaking may be said to comprise that of 1914, with territorial adjustments which bring the present boundary in places from five to thirty miles east of that of before the Great War. In this way the towns of Tsaribrod and Strumitsæ are now situated in Yugoslav territory.



The southern boundary of Yugoslavia with Greece is that fixed by the Treaty of Bucharest after the second Balkan War. It runs west from the lake of Doiran and bisecting the lake of Prespa reaches the Albanian frontier south of the lake of Ochrida. The boundary with Albania runs at first almost due north following a mountain ridge, and then, cutting across the valley of the Drin, runs to the old frontier of Montenegro. The boundary then runs west for a short distance, till striking south it reaches the river Drin, which it follows to the Adriatic south of St. Giovanni di Medua.

The land boundary of Yugoslavia is about 2,014 miles in length and for the greater part follows mountain features thus forming the best of natural boundaries. The only considerable level section of frontier is in the north-east where the boundary with Hungary and Roumania follows the river Drave and then crosses the Great Plain.

#### GEOGRAPHICAL FEATURES

Yugoslavia occupies all the north-western section of the Balkan Peninsula, part of the Eastern Alps and the southern fringe of the Great Plain of the Central Danube.



The City of Zagreb, the Commercial Centre of Northwestern Yugoslavia.

In form the country is almost triangular, the apex being towards the south and the base lying mostly on the Great Plain. The two sides and apex of the triangle are mountainous. The river Danube, the Save, its tributary the Kulpa, thence a line drawn to the Adriatic at Fiume, is commonly regarded as the northern boundary of the Balkan Peninsula. Thus Bosnia-Herzegovina, Dalmatia, Montenegro and Serbia are Balkan territories, while the remaining parts of the country are Central European.

The Balkan Peninsula embraces some of the most varied and remarkable conformations of the earth's surface. It is essentially a mountainous territory. In Yugoslavia the mountains slope more gradually towards the Danube plains than towards the sea. Access has therefore always been easier from the north and the country has been effectively cut off from the sea. For this reason Yugoslavia has a continental rather than a peninsular character. One of the most remarkable geographical features, however, is the long narrow furrow between the mountains formed by the



Morava and Vardar valleys in Serbia and which affords the main outlet from the Danube plains to the Aegean Sea. A branch of this furrow strikes off to the east in Central Serbia and has formed the chief highway from Europe to Constantinople.

#### THE NORTHERN PROVINCES

That part of the Eastern Alps in Yugoslav territory consists chiefly of the Karawanken mountains and the Steiner (Stone) Alps, which are bounded on each side by the broad valleys of the Drave and the Save. These two valleys and the mountains between comprise Slovenia. East of this province the mountains gradually merge into the Great Plain of Hungary, so that while sections of Croatia and Slavonia are hilly, the greater part consists of the fertile plains of the Drave and the Save valleys, which are admirably suited for the raising of cereals. The Voivodine comprises the low-lying level plains of the Bachka, Baranya and Banat on both sides of the Danube and Theiss rivers, which were formerly considered the most productive wheat-growing districts of Hungary.

#### THE DINARIC ALPS

South of the Danube and Save commences the Balkan territories of Yugoslavia. Near the point where the main chain of the Alps enters Yugoslav territory it sends off two continuations towards the north-east and south-east respectively. The former as the Carpathians and Transylvanian Alps completely encircles the Great Plain of Hungary. The latter is the chain of the Dinaric Alps which runs along the Adriatic coast through Bosnia-Herzegovina and Montenegro into Serbia. At first the Dinaric chain is narrow and not lofty and this fact makes Fiume the chief gate from the Adriatic to the Hungarian Plain. Towards the south the Dinaric Alps widen considerably, and owing to the prevalence of limestone are crossed by few river valleys. In most parts of Dalmatia the mountains rise abruptly from the sea. For these reasons the Dinaric Alps, although of no great height, have offered obstacles to transverse traffic which have greatly affected the development of the interior.

The Dinaric Alps really consist of three parallel chains running in a southeasterly direction. That nearest the coast is almost pure limestone and hence Dalmatia, Herzegovina and parts of Montenegro are waterless, stony, unproductive regions. The only considerable river crossing this chain is the Narenta, which rises in the interior and flows through Herzegovina to the Adriatic. The central chain which covers most of Bosnia and Montenegro contains many isolated fertile basins in which are settled the majority of the population, but the absence of long continuous valleys makes communication difficult between the various parts of the country. The third chain of the Dinaric Alps slopes towards the Save valley and the country becomes more of a central European character.

South of Montenegro the Dinaric chain bends to the east. The coast at the mouth of the Drin is therefore flat and a corridor is formed between the Albanian Alps, providing a possible outlet from central Serbia to the Adriatic. Montenegro is almost entirely mountainous, the only productive region being the valley which extends north from the lake of Scutari (Skadam).

#### SERBIA

Serbia is hilly or mountainous practically throughout its entire area. The most fertile districts are along the banks of the Save and the Danube, and in the narrow valley of the Morava and that of its tributaries the Western Morava and Ibar. The remainder of the country is comprised chiefly of rolling hills adapted to pasture and the raising of crops. The most mountainous parts of Serbia are in the eastern and south-western districts along the border with Bulgaria, and along that with Montenegro and Albania.

All the mountain systems of the Balkan peninsula meet in Serbia. In the south-east on the Bulgarian border is the ancient land-mass of the Rhodope Mountains, regarded as the core of the peninsula. The Rhodope are separated from the Dinaric

Alps by the furrow of the Morava and Vardar valleys. North of the Rhodope and separated from it by the furrow along which runs the railway line to Constantinople is the Carpathian mountain chain which runs north to the Danube and thence into Roumania.

In Southern Serbia there are broad plains, of which the most important are that of Kospovo north of Skoplje and the district around Bitolj. These plains are suited for the raising of cereals and contrast with the otherwise hilly nature of the country. The watershed between the Morava and Vardar valleys is comparatively low, 1,500 feet, making railway communication easy between north and south.

### *Summary*

The above is an outline of the main features of the geography of Yugoslavia. The topography of the country and the difficulty of access to the Adriatic are such important factors governing the commerce of the country that it has been thought advisable to indicate these main features at some length. It is seen that Yugoslavia is a country of great level plains, river valleys, undulating hills and mountains, but that communication between various regions is rendered difficult by the direction and character of the main mountain chains.

### CLIMATE

Yugoslavia has a variety of climates in different parts of its territory. Throughout most of the country the continental climate prevails with its extremes of temperature. It cannot, however, be considered a severe climate, but resembles that of the Niagara Peninsula in Canada. This holds good of all that part of Yugoslavia which is drained by the Danube and its tributaries, viz., Northern Serbia, the Voivodine, Croatia, Slavonia, Slovenia and Bosnia. The rainfall is generally heavy in this region during the early summer and diminishes towards the autumn. Hence the climate in Slovenia resembles that of other Alpine countries, such as Austria and Switzerland, being mild in the valleys, but with more rainfall than the districts on the plains. Southern Serbia has an agreeable climate, though the summers are apt to be hot and dry, while the winters are colder than on the Adriatic coast of Yugoslavia. In southern Dalmatia, Herzegovina and the lower altitudes of Montenegro the climate is Mediterranean or semitropical. The summers in Herzegovina are inclined to be oppressively hot. On the Dalmatian coast the mean annual temperature is about 59-degrees, but great variations are caused by the violent and changeable winds. The sea breezes bring moisture and in winter warmth, while those from the land bring dryness and cold. The dreaded "Bora" descends in winter from the mountain gorges in terrific gusts and alternates with the "Sirocco" or mild southeast wind.

The mean annual rainfall at the principal centres of Yugoslavia is as follows:—

	Inches		Inches
Dubrovnik.. . . . .	58.5	Bitolj.. . . . .	28.3
Ljubljana.. . . . .	55.8	Subotica.. . . . .	24.6
Mostar.. . . . .	48.2	Belgrade.. . . . .	24.3
Zagreb.. . . . .	34.7	Skoplje.. . . . .	19
Sarajevo.. . . . .	32.8		

### SOURCES OF NATIONAL WEALTH

The national wealth of the territory of the Kingdom of Serbs, Croats and Slovenes has been estimated to have amounted before the war to \$6,000,000,000, yielding an annual revenue of about \$1,200,000,000. This wealth consisted principally in agriculture, livestock, forests and mines. Agriculture is the basis of the national economy and in all the territories of the kingdom farming is the chief occupation of the people. The raising of cereals is the most important branch of Yugoslav agriculture, while

second place must be given to the breeding of livestock. The growing of vegetables, fruits, tobacco, and the cultivation of the vine are also conducted on a considerable scale. All these branches of agriculture provide a substantial surplus over domestic requirements, which is available for export abroad.

The kingdom has also extensive timber resources, especially in Croatia-Slavonia, Serbia, Bosnia and Montenegro. The saw-milling industry is chiefly developed in Croatia-Slavonia and Bosnia, and before the war there was a considerable export of oak and pine timber from these territories. There are also a number of paper mills in Croatia-Slavonia, Bosnia and Slovenia.

Yugoslavia is rich in minerals, and important deposits of copper, coal, iron, manganese, chrome, zinc, lead, gold, antimony and sulphur are worked, the chief mining districts being in Serbia, Bosnia, Slovenia and Croatia-Slavonia.

Fish are caught in the rivers of Yugoslavia and on the Adriatic coast in sufficient quantities for the needs of the country.

Manufacturing industry is not developed to any extent in the kingdom and there is a large importation of manufactured goods from foreign countries. Those industries which exist are chiefly based on agricultural products as raw material. There are also some textile mills and iron works. The carpet industry of Serbia is of importance to export trade. There are cement works in Slovenia and Dalmatia and calcium carbide is produced in Bosnia and Dalmatia. The peasant industry is developed on a considerable scale and most of the clothes worn by the peasants in many parts of the country are made by the women in their houses. The requirements of the population of the towns and machinery and other equipment, however, have mostly to be imported, so that Yugoslavia offers a wide market for nearly all kinds of manufactured articles.

#### AGRICULTURE

Yugoslavia is essentially an agricultural country and nearly four-fifths of the total population are engaged on the land. The raising of cereals and other crops is conducted on 31.7 per cent of the total area of the country, 9.1 per cent is under grass, and 1.7 per cent is devoted to vineyards. Forests cover 32.3 per cent of the total area, while the remainder is comprised of natural pasture and barren land.

The total area in Yugoslavia under crops is approximately 17,728,000 acres. Corn and wheat are the two most important crops raised. It is the latter, however, which furnishes the largest surplus available for export, since corn forms the staple diet of the majority of the peasant population. On an average about 42.3 per cent of the above area under crops is sown to corn and 28.3 per cent to wheat and rye, chiefly the former. Potatoes are raised on 17.4 per cent of the total area under crops, oats on 7 per cent, and barley on 5 per cent.

#### THE RAISING OF CEREALS

The normal harvests before the war of the principal crops in the whole of Yugoslavia were approximately as follows:—

	Bushels		Bushels
Corn.. . . . .	130,626,124	Oats.. . . . .	36,260,276
Wheat and rye.. . . . .	82,315,354	Barley.. . . . .	17,715,384
Potatoes.. . . . .	50,455,830		

Over half of the above harvest of wheat and rye and nearly half of the corn harvest were grown in the Voivodine. This province also contributed over half of the total harvest of oats. Serbia was the largest barley-producing section of the country, closely followed by the Voivodine. Potatoes were chiefly raised in Croatia-Slavonia, Slovenia and the Voivodine. The latter territory is undoubtedly the richest agricultural province of Yugoslavia and bears much the same relation to the



rest of the country as Western Canada does to the Dominion. Several other provinces, however, also yield a substantial surplus available for export, notably Serbia and Croatia-Slavonia. The following table shows the normal harvests of the two principal crops in the different territories:—

	Wheat and Rye Bushels	Wheat and Rye. Yield per Acre Bushels	Corn Bushels
The Voivodine.. . . .	43,679,950	18.24	60,919,218
Serbia.. . . .	16,114,886	15.0	31,355,924
Croatia-Slavonia . . . . .	14,516,000	17.2	26,267,864
Bosnia-Herzegovina.. . . .	2,911,732	11.6	7,978,436
Slovenia.. . . .	2,940,694	12.64	2,536,132
Dalmatia.. . . .	581,354	7.6	1,208,000

The average yield of wheat and rye for the whole country is 15.56 bushels to the acre and that of corn 25.68 bushels to the acre.

The total area devoted to the growing of cereals in Yugoslavia is approximately 18,750,000 acres, of which about 5,000,000 acres are devoted to wheat and almost the same area to corn. Fruit and vegetables occupy another 1,075,000 acres and pastures about 5,350,000 acres. The acreage devoted to vineyards is 995,840.

The development of agriculture in the various territories can be best further illustrated by the following table showing the areas under cultivation and the percentage of cultivated to total area in each territory:—

	Cultivated Area Acres	Percentage of Total Area
The Voivodine.. . . .	8,815,000	72.5
Croatia-Slavonia . . . . .	4,893,000	46.0
Slovenia.. . . .	2,010,000	37.1
Bosnia-Herzegovina.. . . .	4,285,000	33.5
Serbia (Old and New).. . . .	3,865,000	32.0
Dalmatia.. . . .	710,000	22.5

The above figures include the acreage planted to grass and that devoted to vineyards.

#### EXPORTABLE GRAIN SURPLUS

Like other Eastern European countries, Yugoslavia is suffering from the post-war conditions. Serbia has not yet recovered from the effects of the enemy occupation. Nevertheless there is a substantial surplus of cereals available for export. This surplus has been estimated at 500,000 tons of wheat and corn. The chief obstacles to the disposal of this surplus are the poor state of railway transport and the high prices asked by the farmers for their grain. The latter is partly due to the higher exchange value of the Yugoslav currency as compared with that of neighbouring countries and serves to restrict the export to Austria. Italy is the most favourable present market for the Yugoslav surplus, but the sale to this country have been hindered by the political situation at Fiume and the transport difficulties. Last year's harvest was up to average, although the results did not fulfil the early prospect of a bumper crops. No figures are yet available as to the yield of the different crops. With the restoration of normal transport and exchange conditions the outlook is favourable for a considerable export of wheat and other cereals from Yugoslavia.

#### LIVE STOCK

The raising of cattle and other live-stock is practised on an extensive scale throughout Yugoslavia, and before the war animal products formed one of the chief branches of export from Serbia and Montenegro. In the latter territory there are twice as many sheep and goats as human beings and the rearing of these animals is the chief occupation of the people. Serbia has long been known for its pigs. These are largely reared on the beech-masts and acorns of the forests. The number of sheep in Serbia

is also very large. There are many horned cattle, sheep, goats and pigs in Bosnia, the fertile patches at the higher altitudes being used for pasture. It is, however, in the Voivodine and Croatia-Slavonia that the live-stock industry is conducted on the largest scale. The Bachka is known for its horses, which are reared on large estates. Pigs are raised in great numbers throughout the Voivodine. In Slovenia there are relatively fewer farm animals than in other parts of the country, while in Dalmatia there are principally sheep. The following table shows the number of different kinds of live-stock in the various territories of Yugoslavia before the war:—

	Horses, Mules, Donkeys	Horned Cattle	Pigs	Sheep	Goats
The Voivodine . . . . .	558,864	1,236,490	1,566,840	1,550,869	55,662
Bosnia-Herzegovina . . . .	228,831	1,309,922	527,291	2,249,422	1,393,068
Serbia . . . . .	153,737	965,208	863,544	5,425,815	1,427,427
Croatia-Slavonia . . . . .	353,234	1,134,857	1,164,022	850,485	95,598
Slovenia . . . . .	68,553	684,505	605,625	81,569	18,718
Dalmatia . . . . .	69,200	104,716	70,849	1,027,747	254,896
<b>Total Yugoslavia . . . . .</b>	<b>1,457,618</b>	<b>5,496,588</b>	<b>4,849,457</b>	<b>11,785,907</b>	<b>3,348,370</b>

The quantity of live-stock in Yugoslavia has been diminished by the war. It is expected, however, that these losses will before long be made good and that the export of live-stock, animal products, hides and skins will again attain its former proportions. Before the war the live-stock industry of Serbia accounted for a quarter of the total exports from that country. The average annual value of the live-stock exported was approximately \$1,700,000 and that of animal products amounted to \$2,650,000. Up to the beginning of the present century the trade was chiefly in live animals exported to Austria-Hungary and Germany. In order to free themselves, however, from the economic domination of the former country, the Serbians after 1906 commenced to create slaughter houses and to develop the trade in fresh and salt meat, bacon, ham, sausages and grease through the port of Salonika, chiefly with Italy. The Yugoslav territories formerly belonging to Austria-Hungary also shipped considerable quantities of animal products and hides and skins to foreign markets before the war. It is expected that in a number of years this trade will again become one of the chief branches of export from Yugoslavia, the total value of which on the basis of prewar volume and prices is estimated at approximately \$50,000,000.

#### POULTRY

The breeding of poultry is conducted extensively in Serbia, the Voivodine and Slavonia. In 1911 Serbia exported \$700,000 worth of poultry and \$140,000 worth of eggs. A large quantity of these products was also shipped from the territory north of the Save and Danube. Turkeys are a speciality of these provinces which were greatly prized in foreign markets before the war.

#### OTHER CROPS

Besides the raising of cereals and the breeding of stock, the agriculturists of Yugoslavia cultivate vegetables and plants of different kinds. The most important of the vegetables raised are beans, which are often sown among the corn. Serbia alone exported 13,000 tons of beans in 1911. Peas, onions, tomatoes, cabbages, melons and sugar beets are also raised in most parts of Yugoslavia. Paprika or the red pepper plant is cultivated extensively in the Voivodine, Serbia, and Slavonia. The growing of hemp and flax is also of importance in Serbia and the former is used by the peasants for making garments. Artificial grasses are sown more extensively in the districts north of the Save and Danube rivers, since elsewhere dependence is placed chiefly on the natural pastures. Other branches of agriculture which are of great

importance in Yugoslavia are the cultivation of the vine, plum and other fruit trees, miscellaneous plants, tobacco and opium. These branches will be dealt with in the following sections of the report.

#### VINEYARDS

The cultivation of the vine is of great importance in Yugoslavia, approximately 955,840 acres being occupied by vineyards. In Dalmatia it is the principal industry and Split is the centre of the Dalmatian trade in wines, which are exported to France and other countries for mixing with native wines. The Dalmatian wines are in demand for mixing purposes on account of their strength, which is also characteristic of Yugoslav wines in general. Croatia-Slovenia, Slovenia and the Voivodine have also a considerable production of wine, while in Serbia the vine is cultivated on the hillsides but not to the same extent as in the other territories mentioned. The valleys of the Morava and Timok are the chief wine-producing districts of Serbia. Phylloxera has caused considerable damage to the Serbian vineyards and has prevented the extension of an industry to which the country is adapted.

The average vintage in Yugoslavia amounts to about 76,362,000 gallons, of which about 33,200,000 gallons are available for export. The following shows the wine production in the different parts of the country:—

	Gallons		Gallons
Croatia-Slovenia . . . . .	19,800,000	The Voivodine . . . . .	13,200,000
Slovenia . . . . .	18,414,000	Serbia . . . . .	8,668,000
Dalmatia . . . . .	15,400,000	Bosnia-Herzegovina . . . . .	880,000

#### THE PRUNE INDUSTRY

There is a considerable export of prunes from Yugoslavia and before the war Serbia ranked with California as the chief source of supply for prunes. According to official statistics 453,620 acres are planted in plum orchards, of which about 370,500 acres are in Serbia and the remainder chiefly in Northern Bosnia. The production in Serbia amounts to about 400,000 tons a year, and that in Bosnia to about 230,000 tons. Approximately 40 per cent of the plums are dried, 20 per cent are made into marmalades, and the remaining 40 per cent are used for the manufacture of prune brandy largely for local consumption. The Government of Serbia encouraged the prune industry before the war by the erection of model drying ovens and the inspection of prunes ready to be shipped. At the present time difficulties are being experienced in drying the plums owing to the bad condition of the ovens, but the Ministry of Agriculture has been granted a credit to remedy these conditions. New ovens are also being purchased abroad.

The export of prunes from Serbia was valued before the war at about \$3,000,000 a year, shipped to Austria, Germany, Belgium, Denmark, Great Britain and Switzerland, while about \$800,000 worth of prune marmalade was exported chiefly to Austria and Germany. There was also a certain export of prune brandy, amounting to about 1,000,000 pounds a year.

It is estimated that the exportation of dried prunes from the whole of Yugoslavia during the year 1920 amounted to 120,000 tons.

#### OTHER FRUITS

Yugoslavia also produces a great quantity of other kinds of fruits, such as apples, pears, nuts and almonds. The last two fruits are especially produced in quantities available for export. Throughout the northern provinces of the country the conditions are favourable to the fruit industry and the production is considerable. The industry is not, however, properly organized for export and there are no factories for the preserving of fruit. The latter is considered to present an excellent opening for the investment of foreign capital.



Where the Mediterranean climate prevails, i.e. in Southern Dalmatia, Herzegovina and on the Montenegrin coast, semi-tropical fruits are grown, such as olives, oranges, lemons, almonds, pomegranates and figs.

#### DALMATIAN PLANTS

Various herbs and plants indigenous to Dalmatia form the basis of a considerable export. One of the principal of these plants is *Pyrethrum cinerariae folium* and the *Chrysanthemum turreanum* from the blossoms of which are prepared the Dalmatian insect-powder which is exported in considerable quantities to the United States. The cultivation of this plant has been increasing owing to the difficulties experienced in raising food crops in Dalmatia. The Riviera of Split and the district around Dubrovnik are the chief producing centres. Dried sage leaves, which plant grows wild, are also exported from Dalmatia to the amount of 10,000 tons a year. These are known in foreign markets under the designation of "Austrian" sage. Fragrant laurel leaves, which are used as a perfumery base, are shipped to France and other countries. The same applies to rosemary leaves. Laurel and juniper berries are exported on account of the essential oils they contain. A variety of medicinal plants and herbs are also exported from the Dalmatian coast and islands. It is reported that during the past season American agents have purchased Dalmatian insect powder and plants to a total value of over \$1,000,000. In view of the poverty of the soil and the difficulty of cultivating other crops this branch of export is of great importance to Dalmatia.

#### TOBACCO

The annual tobacco crop of Yugoslavia amounts to approximately 33,000,000 pounds, of which about 13,200,000 pounds are required for domestic consumption, leaving 19,800,000 pounds available for export either in the leaf or prepared for immediate use. The best-known tobacco-growing district is Macedonia or Southern Serbia, which produces over 4,400,000 pounds annually, the bulk of which is exported. Another 4,400,000 pounds is also produced in Serbia proper, chiefly in the districts around Nish, Kruchevats and Oujitse in the valley of the Western Moravia. Tobacco growing is the chief occupation of the inhabitants of the Narenta valley in Herzegovina and before the war about 7,700,000 pounds of tobacco were produced annually in this province. Production has, however, decreased since the outbreak of the war. The eastern and southern districts of Bosnia yield about 1,000,000 pounds of tobacco annually. The cultivation of tobacco was making great headway in Dalmatia before the war and the annual production almost equalled that of Herzegovina, viz. 7,700,000 pounds, but recently there has been a decrease. The provinces of Hungary now included in Yugoslavia were the best tobacco-growing districts of that country, and while exact figures are not available it is estimated that about 8,800,000 pounds was the annual crop in the Voivodine and Croatia-Slavonia. Comparatively little tobacco is grown in Slovenia. The state monopoly of the manufacture and sale of tobacco in Servia has been extended to the other parts of Yugoslavia. Figures for the tobacco crops since the Armistice are not available, but the above statistics will indicate that Yugoslavia produces sufficient tobacco for domestic needs and that a considerable surplus is available for export.

#### SILK COCOONS

Silk-worm rearing is carried on in central and southern Serbia and in the Voivodine, but not on a very large scale. The production in Serbia proper amounted before the war to about 800,000 pounds of fresh cocoons a year. These cocoons were assorted and dried in the factory of a privileged company at Lapovo and sent to Italy and France. There is also a silk-spinning mill operated by this company, while a fifth of the total production of cocoons is utilized by the peasants themselves for

their garments and embroideries. Serbia being a country of small landed proprietors and with a mild climate is adapted to the silk-worm industry. The number of producers tripled during the ten years preceding the war until in 1912 there were 40,000 families occupied in the rearing of silk-worms. In southern Serbia the yearly output of silk cocoons is estimated at over 200,000 pounds.

#### OPIUM

The cultivation of the poppy flowers from which opium is extracted was introduced into Macedonia or southern Serbia by the Turks some seventy or eighty years ago and is now greatly developed in that territory. The best opium comes from the Tikves, Veles, Stip and Kumanova districts. The poppy flowers are also cultivated near Skoplje and in other parts of southern Serbia. The total annual crop of opium is about 120,000 pounds. The percentage of morphine in the opium extracted ranges from 8 to 14 per cent, whereas in Asia Minor the average is only 8 per cent. A factory was started by the Germans during their occupation of the country for the extraction of morphine from Macedonian opium. Most of the opium, however, is exported in cases of 150 pounds, through Solonika, the trade being largely in the hands of Greeks and Jews. The opium is usually collected during May. The pre-war price ranged from \$4.30 to \$7.10 a pound. The price during 1920 was around 350 dinars a kilogramme (2.2 pounds). The peasants also extract opium oil or *sharlagan* from the poppy flowers, which they use in place of fats, while the refuse is employed for cattle food.

#### SIZE OF AGRICULTURAL HOLDINGS

There is a great variety in the size and nature of agricultural holdings in Yugoslavia. This is due to the difference of historical development and social conditions in the various territorial divisions of the country. Since the size of agricultural holdings and the manner of working the land has a great influence on the demand for agricultural machines and implements it is well to deal with this subject at some length.

Serbia is a land of small peasant proprietors. More than 55 per cent of the arable land is divided into holdings of less than 12½ acres, 41 per cent are properties averaging between 12½ and 50 acres, while only 4 per cent are medium or large estates. The reasons for this extreme division of the land are the emancipation from the feudal system of the Turks in 1833 and the breaking up of the Zadrugas or family clans by which the land was worked in common. Under Turkish rule the land nominally belonged to the "Begis" or feudal lords, who exacted tribute from those working their estates. With the dispossession of the feudal lords, the land passed into the hands of the Zadrugas, but the breaking up of these family clans led to the division into small holdings. The hilly nature of the country also favoured the extreme division of the land, which is indicated by the fact that the few estates still remaining are in Northern Serbia on the level plains bordering the Save and Danube. The influence of the Zadrugas still persists in the tendency to co-operation among the peasants. Thus in many districts after first harvesting one plot of land the peasants pass on in a body to another and so on. The remarkable growth of co-operative societies is indicated in another section of this report.

There are also no large estates in Montenegro and the land is mostly split up into co-operative societies is indicated in another section of this report.

In Bosnia-Herzegovina the feudal system still prevails. In the fifteenth century the conquering Turks appropriated the land, which was granted to individuals on a feudal basis. Many of the Slav landowners turned Moslem in religion in order to retain their landed estates. The Austrian occupation of Bosnia-Herzegovina perpetuated this system with the result that out of a total population of 1,900,000, more than a third or 650,000 are now peasants cultivating land which is not their property.



They hand over a third or in some cases a half of the total yield to their lords and in addition are compelled to render personal services and dues. These peasants are predominantly Christians, while nearly 90 per cent. of the lords are Moslems, although generally of Slav origin. In addition to the bonded peasants there are in Bosnia-Herzegovina about 635,000 free peasants cultivating their own land. Half of these are Mohammedan in religion and the size of the holdings vary, but are mostly small.

North of the Save and Danube rivers the conditions are intermediate between those in Serbia and those in Bosnia-Herzegovina. In the Voivodine more than half the land belongs to the large estate-owners, while in Croatia-Slavonia the estates account for about 25 per cent of the total arable land. In Slovenia approximately 625,000 acres are comprised of large landed estates.

#### AGRARIAN REFORM

The complexity of the agrarian question in Yugoslavia presents one of the chief problems now confronting the country. Unlike the other countries emancipated by the war, the Yugoslavs have made little headway in solving the problem of great landed properties and feudal ownership. Only certain large estates belonging to members of the Austro-Hungarian aristocracy have been confiscated. Agrarian reform is one of the chief, if not the most important, question now before the Constituent Assembly and there are a variety of opinions as to the solution of this problem. The more moderate parties favour only the division of the larger estates, while the parties of the left have adopted the principle of the ownership of the land to those working it. In Bosnia-Herzegovina there is a strong Mohammedan party which is urging that the agrarian question should not be solved in that territory differently from the rest of the kingdom. A compromise between these different views would appear probable, but until the question of agrarian reform is settled the trade in agricultural machines must remain more or less at a standstill.

#### CONDITIONS OF AGRICULTURE

The most advanced agriculture is practised in the provinces north of the Danube and Save rivers, particularly on the large estates in the Voivodine, Croatia-Slavonia and Slovenia. It is here that the scientific breeding of stock and the use of artificial fertilizers and up-to-date farm machinery have made the most considerable progress. Even on the small holdings in these districts the standard of agriculture is higher than in other parts of the country. Serbian agriculture, however, made great progress in the quarter of a century preceding the war. This is evidenced in the great increase in the export of farm products, particularly of wheat. The yield of wheat per acre more than doubled in the ten years from 1900 to 1911, and that of corn also increased but to a less satisfactory extent. The cereal export from Serbia in 1911 was valued at \$7,000,000. The smallness of the holdings, however, has been the great obstacle to the extension of the use of agricultural machinery in Serbia, and it remains to be seen whether the growth of the co-operative movement will lead to a greater demand for modern farm appliances.

In Bosnia-Herzegovina and Southern Serbia the long period of Turkish rule has maintained agriculture in a very primitive state. The soil is scratched with a plough of very obsolete type. Manuring is seldom practised, and after one or two crops of corn, the plot is left to rest for five or more years. The corn is not sown in rows, but is scattered and often mingled with other crops. It is estimated that in Southern Serbia less than 30 per cent of the arable area is under cultivation at any one time, the remainder lying fallow. The emancipation of the peasantry in these territories from feudal conditions should lead to a gradual raising of the



standard of agriculture, but there will be no great demand for up-to-date farm appliances for many years.

In Dalmatia the general unproductiveness of the soil precludes the practise of modern agricultural methods on any considerable scale.

### FISHING

The rivers of Yugoslavia provide a plentiful supply of fish, while a large quantity are caught off the Adriatic coast. The consumption of fish is fairly large, especially in the northwestern districts where Roman Catholics are in the majority, but owing to the quantities of fish available from local waters, there is a relatively small importation from abroad. There is therefore no opening for the sale of Canadian fish products to Yugoslavia.

The Danube and its tributaries the Save, Drave, Theiss and Drina abound in sturgeon, sterlet, carp, trout and other species. Sturgeon are especially fished near the Iron Gates of the Danube and are often of great size. A species of salmon is caught in the Drina. The numerous interior rivers also yield trout and other kinds of fish in considerable quantities. In the Adriatic sea there are over 200 varieties of fish, and in 1912 approximately 4,932,000 pounds were caught by the fishermen of Dalmatia. A fish canning factory is in operation in Dalmatia.

### THE TIMBER INDUSTRY

Yugoslavia has extensive forest resources, and lumber is the most available export commodity at the present time. Before the war lumber was shipped to Holland, Italy, Egypt and Germany from Bosnia, Croatia-Slavonia and Slovenia, while Serbia exported cask staves. Montenegro had also a considerable export of wood.

The forested area of Yugoslavia is 25,350,044 acres or 32.3 per cent of the total area. The most extensive forests are on the slopes of the mountains. In Croatia-Slavonia and Slovenia there are large tracts of pine and fir trees, but elsewhere the beech and the oak are the most common species of trees, except at the higher altitudes where conifers are in the majority. The following table gives the area of the forests in the different territories of the country:—

	Acres	Proportion to Cultivated Land
Bosnia-Herzegovina.. . . . .	6,380,000	49.8%
Serbia.. . . . .	9,495,000	45.7%
Slovenia.. . . . .	4,500,000	45%
Croatia-Slavonia.. . . . .	3,825,000	35.6%
Dalmatia.. . . . .	955,000	29.7%
The Voivodine.. . . . .	511,500	5.9%

The timber industry is most developed in Bosnia, Croatia-Slavonia and Slovenia, where there are a total of 2,300 saw-mills with 4,000 saws. The annual output in these provinces was valued before the war at \$20,300,000, and about 2,500,000 cubic metres were exported abroad in 1913. Advantage is frequently taken of the water-power available in these territories for operating the mills.

In Serbia the industry is not developed to the same extent, largely for the reason that 42 per cent of the forests belong to the peasant communities. The peasants utilize the forests for obtaining firewood, and as Serbia is a country of small holdings the opportunities for forest exploitation on a large scale are not very great. The state owns 32 per cent of the forests, and 20 per cent belongs to private persons or companies. There are altogether about 50 saw-mills, but of these only twelve are of any importance. The only wood export from Serbia of consequence before the war was that of oak cask staves and of railway sleepers. Most of the existing saw-mills operate for local requirements.

## AVAILABLE WOOD SUPPLIES

The export of lumber from Yugoslavia has been greatly hindered by the political situation at Fiume, which is the principal port of shipment for Bosnian and Croatian-Slavonian timber. There is a special harbour at Fiume for handling the lumber trade. As a consequence of the difficulties of shipping abroad, a large amount of lumber has accumulated at the mills in Bosnia and Slavonia and along the railway line between Zagreb and Fiume. It is estimated that about 300,000 cubic metres of constructional timber are thus lying ready for shipment. Some lumber has gone forward to Italy, but the lying ready for shipment. Some lumber has gone forward to Italy, but the quantities have not been great. It is hoped that with the settling of the Fiume question it will now be possible to export Yugoslav lumber on a large scale, since this is considered the most readily available means of rectifying the present unfavourable balance of trade.

Zagreb is the centre of the timber export trade. A leading commercial journal of that city, the *Jugoslavenska Suma*, has recently reviewed the future possibilities of this trade in the following manner:—

“There is a sufficient quantity of exportable timber in Yugoslavia to balance half of the present importations into the country. The total quantity of wood products which could be exported annually from Yugoslavia is approximately 4,130,000 cubic metres, of a total value of about 1,500,000,000 dinars. There could be annually exported from the whole country about 700,000 cubic metres of pine timber, unsawed, valued at approximately 300 dinars\* a cubic metre or 200 dinars for smaller timber of inferior quality. Of oak there could be exported 50,000 cubic metres of logs, worth about 500 dinars a cubic metre; 30,000 cubic metres of lumber at 1,250 dinars a cubic metre; and 150,000 cubic metres of small oak lumber at 1,000 dinars a cubic metre. Beech in lumber and planks could be shipped to the extent of 180,000 cubic metres a year, valued at 375 dinars a cubic metre. There could also be an annual exportation of 4,000,000 oak railway ties at 50 dinars each, 8,000,000 beech ties at 25 dinars each, 35,000 cubic metres of firewood and 40,000 tons of charcoal.”

## TANNING EXTRACT

There are eight large factories in Yugoslavia for extracting tanning from gall nuts and oak leaves. The annual capacity of these factories is 30,000 tons and the greater part of the production is exported. The sale of the output of the factories is controlled by a company known as the “Tannin,” société anonyme pour le commerce des produits tennants, with headquarters at Ilica No. 49, Zagreb.

## TIMBER EXPORTERS

The export of lumber from Yugoslavia is principally organized by a few large firms, who operate their own mills and own extensive tracts of timber lands. The headquarters of most of these firms are located in Zagreb. The principal Zagreb banks are also largely interested in the timber industry. A list of the principal timber exporting firms in Yugoslavia is on file at the Department of Trade and Commerce, Ottawa, (file No. T.C-2-113).

## PAPER

There are a certain number of paper mills in Yugoslavia, but the production is not sufficient for domestic requirements and importations from other countries are necessary. Most of the paper mills are situated along the river Save and its tributaries. The production of the paper mills in Slovenia amounts to about 8,000 tons a year.

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\* Present value of dinar is about 3 cents.

## MINES

The mineral resources of Yugoslavia are extensive and present great possibilities for the future. The most important mines are in Serbia, Slovenia and Bosnia, but other parts of the country have also considerable mineral wealth. Many of the deposits show evidences of having been worked in Roman times.

## MINERAL RESOURCES OF SERBIA

In Serbia the production of copper and coal has the greatest importance. The richest deposits are in the mountainous north-east part of the country. The most productive copper mine is that of Bor, which is worked by a French company and is considered one of the richest copper deposits in the world, the ore being said to contain 6 per cent of copper. The annual production before the war was 6,000 tons of pure copper and the output was steadily increasing. Other copper mines in Serbia are that of Maidanpek near the Danube, and that at Studena near Nish. The former had a daily output of 200 tons of ore and is connected with the Danube by an aerial railway. The concession for this mine belongs to a Belgian company. Copper deposits have also been located in Western and Southern Serbia.

Gold is extracted in Serbia from the Bor copper and in the alluvial deposits of the river Pek. The annual output before the war was valued at about \$400,000. Gold deposits have also been found in the Neresnitsa region near the Danube, and alluvial gold in the valley of the Timok.

Silver-lead deposits are found in various parts of Serbia, but are chiefly exploited in the north. The Government works the mine of Podrinie, which yields lead and antimony. The lead deposits of Koutchaina are the richest in gold and silver of all those at present being worked. The pre-war output of the silver-lead mines in Serbia was about 652 tons a year and the production of lead about 1,000 tons a year. There was also an output of about 600 tons of antimony. About 50,000 tons of pyrites were yielded by the mines of Maidanpek and Podrinie.

Important iron ore deposits have been examined in north-eastern Serbia but have so far not been exploited. Other minerals found in Serbia are zinc, manganese, nickel, arsenic and chrome, but the investigation of these resources has not up to the present been very thorough. The total capital invested in the mines of Serbia amounted in 1912 to \$14,000,000, and about 5,000 men were employed in the industry. The Government has encouraged the investment of foreign capital in Serbian mining undertakings by granting concessions on favourable terms.

## MINING INDUSTRY IN SLOVENIA AND BOSNIA

The mining industry in Slovenia is more developed than in other parts of Yugoslavia. The production of coal, lead and zinc is the most important. The lead mines of Slovenia have a total output of about 17,000 tons a year. The principal mines are in the mountains south of the Drave. The zinc mines near Chili are well-known. The total annual production of zinc in Slovenia is nearly 6,000 tons.

In Bosnia coal and iron are chiefly exploited. The iron mines of Vares, north of Sarajevo, have a yearly output of 165,000 tons of ore or 41,600 tons of iron. These iron mines are located near important coal deposits and the production of pig iron could be largely augmented. There are iron works at Zenitza. Other deposits of iron are found near the Serbian border. The manganese mines near Sarajevo produce about 10,000 tons annually. The north-east of Bosnia has also salt deposits yielding 40,000 tons a year. Other important mines in Bosnia are chrome, copper, and silver-lead. The Bosnian mines employ about 6,000 workmen.

In Croatia-Slavonia only the coal mines are important. There are, however, some iron and copper mines in the Zagreb region, but the production is diminishing. The antimony and sulphur deposits near Zagreb have also a certain importance. In



Dalmatia the deposits of bauxite are extensive but have been little exploited. Asphalt is also found on the coast near the mouth of the Narenta. Montenegro has unworked deposits of iron ore and also bauxite.

#### COAL PRODUCTION OF YUGOSLAVIA

Coal mines are widely distributed throughout Yugoslavia, but the principal producing districts are the region north and west of Zagreb in Croatia-Slavonia and Slovenia, the districts north of Sarajevo in Bosnia, the region near the Hungarian border in Baranya, and the north-eastern part of Serbia. It is considered that the present output could be greatly increased by the exploitation of new mines and the use of more up-to-date methods. Practically all the coal produced in Yugoslavia is either brown coal or lignite, there being no coal mined which is suitable for coking purposes. The following table taken from a report of the American Consul at Belgrade shows the production of coal in the different territories of Yugoslavia before the war and after:—

	Tons 1913	Tons 1919
Slovenia.. . . . .	1,471,067	1,153,338
Bosnia-Herzegovina.. . . . .	800,000	674,930
Baranya.. . . . .	700,000	310,767
Croat a-Slavonia.. . . . .	206,000	251,293
Serbia.. . . . .	311,365	103,730
	<hr/> 3,487,432	<hr/> 2,494,058

The most important coal mine in Yugoslavia is that of Trbovka (Trifail) in the valley of the Save between Zagreb and Ljubljana. The Government mine of Senj in Serbia has an output of 200,000 tons a year.

The exploitation of several new coal mines has been recently commenced, especially in Bosnia-Herzegovina. Coal has also been discovered in Dalmatia near Split. The most important existing coal mine in Dalmatia is that in the valley of the Kerka near Sibenik, which yielded before the war nearly 100,000 tons a year.

It is estimated that the consumption of coal in Yugoslavia is about 4,000,000 tons a year, so that at the present rate of output there is a deficiency. The situation is greatly aggravated by the difficulties of internal transport and the railways are unable to properly distribute the coal produced. Stocks have therefore been accumulating at the mines, 30,000 tons being held in Bosnia-Herzegovina alone. The Southern Railway has imported coal from the United States through Trieste for its own use, and the Government has been contemplating the purchase of coal from Great Britain. Large quantities of coke are also imported for the copper mines at Bor and other furnaces. The shortage of coal does not affect the bulk of the population, since firewood is the chief fuel used both in the towns and villages. The improvement of internal transport and the increase of the domestic production are expected to gradually relieve the coal situation in Yugoslavia.

#### WATER POWER RESOURCES

A valuable adjunct to the coal resources of Yugoslavia is the abundant potential water-power available in the mountainous districts of Serbia, Bosnia-Herzegovina, Dalmatia, Slovenia and Montenegro. Water-falls abound in all these territories and are capable of producing a large amount of hydraulic power. Under the Austro-Hungarian régime a beginning had been made of utilising the water-power of Slovenia and Bosnia, but only a very small proportion of the potential power available has so far been utilized. Thus it is estimated that in the neighbourhood of Split, Dalmatia, there is undeveloped water-power capable of generating 70,000 horsepower of electrical energy. The slow development of manufacturing industries

is responsible for the water-power resources of Yugoslavia not having been utilized to a greater extent. The town of Karlovatz, on the railway between Zagreb and Fiume, is becoming an industrial centre of importance on account of the low rates for electrical power. It has recently been reported that seventeen new factories are being constructed in this centre. There are a number of cement factories operated by water-power on the Save in Slovenia, on the Drave in Baranya and Slavonia, in Bosnia, and two factories at Split in Dalmatia, with an output of 200 tons each per day. There is also a calcium carbide factory near Split run by electrical energy and turning out 80 tons a day. Bosnia has also a large carbide work at Jajce. Water-power is also extensively utilized in connection with the timber and paper industries in Bosnia-Herzegovina, Croatia-Slavonia and Slovenia.

#### MANUFACTURING INDUSTRIES

Up to the present manufacturing industries have not been developed to any great extent on the territory of Yugoslavia. The most important industries are those utilizing the agricultural, forest and mineral products of the country as raw material.

*Flour.*—In the latter category must be counted the flour-milling industry which is especially well developed in the Voivodine and Slavonia. There are altogether about 50 large modern flour-mills in Yugoslavia with a yearly capacity of about 1,000,000 tons of flour. The mills in the Voivodine formerly contributed a large proportion of the total export of flour from Hungary, which enjoyed an excellent reputation in West European markets. From Serbia the export of flour amounted in 1909 to 10,012 tons, together with 8,610 tons of bran. The total Serbian production in that year was 96,160 tons of flour, and 35,400 tons of bran from 229 mills, of which there was only one mill with a daily capacity of 100 tons, 16 mills, of from 20 to 50 tons, and the remainder were small country mills.

*Sugar.*—In the new provinces of Yugoslavia there are six large and up-to-date beet sugar factories. In Serbia there is a factory at Belgrade which produced 9,090 tons in 1909 and another in the Morava valley with a yearly output of 8,400 tons. The domestic production is sufficient for the sugar requirements of Yugoslavia, but during the first two years after the Armistice there was a shortage owing to decreased supplies of sugar beets. The recent harvest and increased acreage sown to beets have assured the factories of adequate supplies for the future.

*Beer.*—The brewing industry is well developed north of the Save and Danube rivers, while in Serbia there are twelve breweries. The latter country exported a small quantity of beer before the war to Bulgaria and Turkey.

*Textiles.*—The textile industry was being developed to a considerable extent in Serbia before the war. There were in 1912 four cloth factories, a ribbon manufactory, a silk-spinning mill, a cotton-spinning mill, and a factory for socks and stockings. The largest textile mill was at Lescovats, in central Serbia, where cloth for the army was produced. Another important cloth factory was situated at Oujitse in western Serbia. In Slovenia and the Voivodine there are a number of cotton spinning and weaving mills, as well as hemp factories. There are two hemp-spinning mills in Serbia.

*Carpets.*—One of the most important branches of manufacturing in Yugoslavia is the home carpet industry at Pirot on the railway from Nish to Bulgaria and not far from the border. Out of 2,000 houses in this village 1,500 have looms for making carpets. The products of this home industry are of distinctive design and are greatly prized abroad. There are also carpet factories at Sarajevo and in the Banat.

*Leather industry.*—Leather tanneries are of some importance in Slovenia and about 600,000 hides are tanned annually. There are boot and shoe factories at Zagreb, Karlovatz and Osijek; the production is nearly 1,000,000 pairs a year. Serbia has two factories for making leather, but the better qualities have to be imported.



*Iron.*—The largest iron-works is the Government arsenal at Kraguyevatz in central Serbia, where firearms and munitions were manufactured before the war. There is also the blast furnace in Bosnia mentioned above, which produces 100,000 tons of pig iron a year. There are several other iron works in Croatia-Slavonia and Slovenia turning out a variety of products. In Serbia there is a small factory making agricultural implements. The railways workshops at Nish and Zagreb are capable of manufacturing railway cars, the latter up to 20 cars a day.

*Chemicals.*—The manufacture of chemicals has made considerable headway in Slavonia, Croatia and Bosnia. Sulphuric acid, glauber salts, chlorine and crystal and bicarbonate of soda are produced in these provinces. There is also a powder factory at Kemnik and another in Serbia, established by the Government. At Belgrade there are acid works, a soda works, a dye factory and two soap factories. In the Voivodine a considerable quantity of pure alcohol is produced, but the output is now restricted owing to the shortage of coal.

The above is a review of the manufacturing industries at present established in Yugoslavia. It is seen that these industries are not extensive and that the production of manufactured articles is not great. Only in the cases of the flour, sugar and brewing industries is the production sufficient for the requirements of the country. In most lines of manufactured articles the importation from foreign countries greatly exceeds the domestic production.

During the war the manufacturing industry of Serbia suffered greatly from bombardment and wilful destruction by the enemy. Nearly all the factories were damaged and in many instances completely destroyed. This was the case with the Government ammunition works at Kraguyevatz, the match factory, tobacco factory, and two metal foundries in Belgrade and many other works. Preparations are now being made for rebuilding most of these factories and the Government is granting special facilities for the importation of the necessary machinery and plant. Besides the equipment which must be supplied by the former enemy countries under the reparation clauses of the Peace Treaties, there is an excellent opportunity for other countries to sell industrial equipment to Yugoslavia. Not only have the damaged factories to be re-equipped, but many new ones are to be established, since owing to the heavy importations of manufactured goods the Yugoslavs are anxious to encourage the development of manufacturing industries within the country.

## II

### Trade of Yugoslavia

It is very difficult to give statistics indicative of the trade of Yugoslavia before the war. Serbia and Montenegro are the only territories which were independent previous to 1914, while in the case of Serbia the figures available do not cover the trade of greater Serbia as constituted after the Balkan wars, because the Great War broke out before the newly-acquired territories could be consolidated. The Balkan Wars interfered with trade during the years 1912 and 1913, so that it is necessary go back to 1911 to find trade statistics illustrating the trade of Serbia proper in a normal year.

For the after-the-war period only provisional trade statistics are available. The Government has been confronted with so many difficulties in reorganizing and extending the Customs and Statistical Departments to cover the whole country that it has not been found possible to compile and issue detailed returns of the trade of Yugoslavia during any one year after the armistice.

#### PREWAR TRADE OF YUGOSLAVIA

Although complete statistics covering the prewar period are only available for Serbia and Montenegro, a Serbian publication gives an estimate of the commercial movement for the whole of the present territory of Yugoslavia based on such prewar figures as are available. It is thus estimated that the trade of Yugoslavia on the



basis of prewar volume and prices amounted to an annual total value of about \$320,000,000, of which \$140,000,000 consisted of imports and \$180,000,000 were comprised of exports. In view of present prices it is reckoned that on the same scale as before the war these figures would now amount to about \$200,000,000 for imports and \$240,000,000 for exports, a total of \$440,000,000 a year.

Figuring on the same basis of the prewar trade, the principal classes of imports into Yugoslavia totalling with values at prewar prices \$140,000,000, were as follows:—

Imports	Approximate Value	Imports	Approximate Value
Agricultural products . . . . .	\$14,000,000	Furniture . . . . .	2,000,000
Animal products . . . . .	10,000,000	Rubber . . . . .	1,000,000
Wood products . . . . .	3,000,000	Paper and paper articles . . . . .	3,000,000
Agricultural industrial products . . . . .	6,000,000	Terracotta, stone and cement . . . . .	2,000,000
Ore and coal . . . . .	7,000,000	Glass . . . . .	1,600,000
Grease, oil and wax . . . . .	1,200,000	Jewellery . . . . .	1,000,000
Chemical and pharmaceutical products . . . . .	8,000,000	Metals and metal goods . . . . .	19,200,000
Textiles . . . . .	28,000,000	Machines and technical articles . . . . .	12,000,000
Raw and manufactured leather . . . . .	4,000,000	Watches, firearms, togs. . . . .	1,400,000
		Others . . . . .	16,000,000

It is seen from the above table that nearly half of the total importations is comprised of textiles, metal goods and machines.

With regard to exports the principal products estimated on the basis of prewar prices and volume, and valued approximately at 180,000,000, were as follows:—

Exports	Approximate Value	Exports	Approximate Value
Wheat (320,000 tons) . . . . .	\$12,000,000	Tobacco, opium, silk cocoons . . . . .	6,000,000
Oats (22,000 tons) . . . . .	6,000,000	Hemp and flax . . . . .	2,000,000
Corn (2,000,000 tons) . . . . .	56,000,000	Timber and wood products . . . . .	10,000,000
Fruits, prunes and prune jam . . . . .	10,000,000	Copper and other ores . . . . .	10,000,000
Prune brandy . . . . .	4,000,000	Other products . . . . .	14,000,000
Live-stock and animal products . . . . .	50,000,000		

Nearly 75 per cent of the goods imported into Yugoslavia before the war were supplied by Austria-Hungary and Germany, while the same countries took 80 per cent of the total exports from the present territory of the Kingdom of Serbs, Croats and Slovenes.

#### COMMERCIAL DOMINATION OF AUSTRIA-HUNGARY

The extent to which the present territory of Yugoslavia was dependent commercially on Austria-Hungary and Germany may be best illustrated by the figures of the trade of Serbia before the war. The following table shows the value of the commercial movement with different countries in 1911:—

#### *Trade of Serbia, 1911*

Country	Imports Dinars*	Exports Dinars
Austria-Hungary . . . . .	47,448,000	48,443,000
Germany . . . . .	31,347,000	28,933,000
	78,795,000	77,376,000
Italy . . . . .	4,861,000	4,394,000
Turkey . . . . .	3,814,000	11,984,000
France . . . . .	5,746,000	3,841,000
Great Britain . . . . .	9,524,000	87,000
Belgium . . . . .	2,081,000	6,142,000
United States . . . . .	2,136,000	3,609,000
Russia . . . . .	3,392,000	53,000
Roumania . . . . .	1,539,000	6,141,000
Bulgaria . . . . .	697,000	2,802,000
Greece . . . . .	325,000	110,000
Bosnia-Herzegovina . . . . .	220,000	112,000
Montenegro . . . . .	69,000	3,000
Other countries . . . . .	2,400,000	272,000
Total . . . . .	115,425,000	116,916,000

\*Par value of dinar=19.3 cents

The above table indicates the commercial relations of Serbia in the year preceding the Balkan Wars. This was after the Serbians had succeeded in freeing themselves to a certain extent from the economic domination of Austria-Hungary. Thus during the period from 1894 to 1905 the latter country supplied on the average 66 per cent of the goods imported into Serbia and took 83.5 per cent of the Serbian exports. The average for the period from 1906 to 1912, on the other hand, showed Austria-Hungary supplying 35 per cent of the imports into and taking 30 per cent of the exports from Serbia. The year 1906 was the commencement of the customs war with Austria-Hungary, which lasted till 1911 and forced Serbia to seek other sources of supply for imported goods and other outlets for her products.

It has been pointed out above that access to Serbia is much easier from the Hungarian plain on the north than from the south. Before 1906 the chief export of Serbia was live cattle and pigs, sent chiefly to Austria-Hungary. Thus in 1904 the latter country received 152,846 pigs and 55,142 cattle from Serbia. This situation enabled Austria-Hungary to completely dominate the trade of Serbia. Commercial treaties and concessions were dictated to Serbia and pressure brought to bear by the simple expedient of closing the frontier to Serbian swine and cattle on the pretext of epidemics. In 1906, when Serbia refused to renew a commercial convention, Austria-Hungary declared a customs war. Serbia was therefore compelled to abandon the exportation of live cattle and swine and to develop the trade in meat and other animal products, cereals and fruit with western European and with other Balkan countries. This change in the tendency of Serbian export trade is indicated by the following table of the annual average export by classes for the period 1894 to 1905 as compared with the period of Customs War with Austria-Hungary, 1906 to 1912.

Class of Exports	1894 to 1905	1906 to 1912
	Dinars	Dinars
Live stock.. . . .	23,300,000	8,500,000
Cereals.. . . .	13,800,000	33,600,000
Fruit.. . . .	11,200,000	14,800,000
Animal products.. . . .	8,000,000	13,100,000

The increase in the export of cereals, animal products and fruit, and the decrease in the export of live-stock indicate the manner in which Serbia attempted to counteract the economic domination of Austria-Hungary.

#### SERBIAN IMPORTS

The table given above of the trade of Serbia in 1911 shows that in that year 41 per cent of the goods imported were supplied by Austria-Hungary and 27 per cent by Germany. Geographical considerations, as already pointed out, gave these two countries great advantages in the trade with the Serbian market. All kinds of manufactured goods were supplied by Austria-Hungary and Germany. The largest classes of import from these countries, however, consisted of textiles, metal goods, machinery and leather. The third most important source of supply for Serbian imports was Great Britain, 8 per cent of the goods imported in 1911 coming from this country. Textiles comprised the greater part of the goods shipped from Great Britain. France supplied 5 per cent of the total imports in 1911, metal goods, chemical products and textiles being the chief classes imported from this source. The import into Serbia from the United States was valued in the above year at \$427,200, and consisted largely of machines and metal goods. The following is a list of the chief categories of imports into Serbia during the year 1911:—

*Imports into Serbia,—1911*

	Dinars
Products of agriculture.. . . .	15,143,000
Live cattle and animal products.. . . .	10,445,000
Forest products.. . . .	2,262,000
Products of agricultural industries.. . . .	4,375,000
Alimentary products.. . . .	544,000
Minerals, mineral coal and their sub-products.. . . .	6,936,000
Articles prepared with grease, oil or wax.. . . .	879,000
Chemical and pharmaceutic products.. . . .	7,573,000
Textiles and their derivatives.. . . .	31,326,000
Skins, raw and manufactured, furs.. . . .	4,140,000
Rubber and gutta-percha.. . . .	485,000
Braided works in vegetable materials.. . . .	79,000
Brush-making, sieves and brooms.. . . .	84,000
Worked wood and furniture.. . . .	1,671,000
Papers and paper-works.. . . .	2,210,000
Books and paintings.. . . .	302,000
Stone-works, asphalt, plaster, cement.. . . .	315,000
Baked clay works.. . . .	1,303,000
Glass and glass works.. . . .	1,520,000
Precious metals and jewellery.. . . .	843,000
Ordinary metals and worked metals.. . . .	19,461,000
Engines, instruments, electro-technical articles.. . . .	11,861,000
Works of art and science.. . . .	489,000
Watches, weapons and toys.. . . .	1,338,000
Total.. . . .	115,424,000

(1 Dinar=19.3 cents.)

It must be borne in mind that the above figures of imports relate to Serbia proper as constituted before the Balkan Wars of 1912 and 1913. These figures should not therefore be taken as an indication of the potentialities of the Yugoslav market, since the present Kingdom is five times larger in area and four times greater in population than the Serbia of 1911.

## TRADE AFTER THE WAR

Unfortunately the provisional trade statistics which are the only returns so far issued are not sufficient material upon which to base an analysis of the nature and volume of the trade of Yugoslavia since the formation of the new State. The chief feature of the trade during the past two years has been the great excess of imports over exports, thus creating a heavy unfavourable balance of exchange. During the first nine months of 1920 the value of goods imported was more than three times greater than the value of exports. The total value of the imports during this period was 2,576,132,232 dinars\* as compared with exports of a total value of 710,754,105 dinars, thus leaving an unfavourable balance of 1,865,379,127 dinars.

## PRESENT TRADE SITUATION

The reasons for this unfavourable balance of trade are: (1) the great dearth of all kinds of manufactured goods which necessitated importations from abroad; (2) difficulties of transporting exportable products to the sea-ports; (3) low purchasing power of currencies in neighbouring countries with which communication is relatively easy; (4) decreased production and lack of available export commodities.

The last three factors relate to the difficulties confronting the revival of the export trade from the territory of Yugoslavia. The chief of these is undoubtedly the lack of easy communication with the sea. The principal ports for Yugoslavia are Fiume, Trieste and Salonica, none of which are in Yugoslav territory. The traffic through Fiume has been at a standstill since the Armistice on account of the uncertainty regarding the political future of the port. Trieste has been very congested and has to serve Austria, Czecho-Slovakia and other Central European countries in addition to

\* Present value of dinar is about 3 cents.



Yugoslavia. The railway line to Salonica was greatly damaged during the war, and although temporarily repaired the traffic capacity is still very limited. To these difficulties there must be added the general disorganization of railway transport within the country, which has been another factor greatly hindering export. Under these circumstances the only readily available markets for surplus Yugoslav products have been the countries which also formerly were part of the Austro-Hungarian Empire and with which communication is relatively easy. In all of these countries, however, the exchange value of the local currency is lower than that of Yugoslavia, so that the purchasing power of these markets is limited. The Yugoslavs would prefer to dispose of their products for currency of more staple value. The fourth factor mentioned above—increased production and shortage of available export commodities as compared with pre-war years—is a circumstance common to nearly all European countries, but the exportable surplus of cereals and other products as outlined below is an evidence of the thrift and the determination of the Yugoslavs to restore normal conditions in their country.

#### DEPRECIATION OF EXCHANGE

The difficulties of exporting to countries with a more stable currency and the large unfavourable balance of trade has brought about a steady decline in the exchange value of the Yugoslav crown-dinars as compared with pounds sterling and dollars. This, however, has been applicable to many other European countries; and it should be stated that of the currencies of continental European countries involved in the war that of Yugoslavia is quoted higher than all except the Belgian, French and Italian. At one time last summer the Yugoslav dinar was higher as compared with pounds sterling and dollars than the Italian lira. At present the dinar is only a fifth less in value than the lira and is more than double the exchange value of the Roumanian lei, Czecho-Slovak crown and Bulgarian leva. This more favourable exchange value of the Yugoslav currency may be in large measure accounted for by the smaller quantity of paper money in circulation as compared with neighbouring countries. Since during the war the territory of Yugoslavia was occupied by the enemy, the Government had neither the opportunity nor the need to issue large quantities of paper notes.

Shortly after the Armistice the dinar for some months was quoted in terms of pounds sterling only a few points below par. In April 1919 the rate ranged between 35 and 39 Serbian dinars to the pound as compared with a par value of 25. From that time on there was a steady decline in the value of the dinar, and in November, 1919, the rate was around 95 dinars to the pound. During last winter the rate fluctuated around 100, but an improvement set in during the summer and the exchange value of the dinar rose as high as 60 to the pound sterling. Since then there has been a reaction and a steady decline in the exchange rate, until at present (January 1921) pounds sterling are quoted in Belgrade at 132 dinars and United States dollars at 34.50 dinars. In other words the present exchange value of the dinar is about 3 cents.

#### FALLING OFF OF IMPORTATIONS

The depreciation of the exchange value of the Yugoslav currency has acted as elsewhere to greatly curtail the importations into the country. At the present time the import trade with Western European and North American countries is largely at a standstill and no improvement is expected until the liquidation of the heavy stocks purchased at high prices can be effected and until the increase of exports permits of an improvement in the rate of exchange. Immediately after the conclusion of hostilities heavy importations of all kinds of goods commenced in order to make good the great lack of manufactured articles. For a time the firms importing certain lines enjoyed

a virtual monopoly and owing to the great demand were able to realize high profits. A period of speculative activity therefore set in, which has now brought about the inevitable reaction and temporary stagnation.

The total value of goods imported into Yugoslavia during the year 1919 is estimated at the considerable sum of 2,982,057,276 dinars, while the imports for the first nine months of 1920 show a total value of 2,576,133,232 dinars. By far the greater part of this importation was comprised of textiles and clothing articles for the needs of the population. Approximately 77 per cent of the total imports during 1919 were goods of this category, while over half the imports during the first nine months of 1920 were made up of textiles and similar products. Other considerable classes of imports since the Armistice were chemicals and pharmaceutical products, metal goods and mineral oils.

## LIST OF IMPORTATIONS

The following table gives the values of the different classes of imports into Yugoslavia during 1919 and during the first nine months of 1920:—

Class of Goods	Value of Imports in 1919 Dinars	Value of Imports in first
		nine months of 1920 Dinars
Agricultural products.. . . .	48,309,416	91,620,174
Products of cattle raising.. . . .	5,292,806	24,396,293
Forest products.. . . .	4,488,860	18,426,514
Products of agricultural industry.. . . .	82,361,281	164,160,547
Minerals, mineral oils, and similar products.. . . .	27,553,259	168,594,728
Fats and wax products.. . . .	41,683,732	66,157,026
Chemical and pharmaceutical products, explosives, varnishes, perfumes, etc.. . . . .	131,461,436	185,905,173
Vegetable and animal materials for the textile industry and products thereof.. . . .	2,372,641,915	1,428,163,081
Skins, furs, and products thereof, leather.. . . .	48,265,630	60,883,779
Rubber, gutta-percha and products.. . . .	890,301	9,230,182
Basket-work and woven articles.. . . .	850,560	650,871
Brushes, sieves and the like.. . . .	850,000	36,171,154
Articles of woodwork.. . . .	7,759,563	15,411,224
Paper and products thereof.. . . .	33,382,707	65,033,126
Products of stone, plaster and other mineral substances.. . . .	4,325,840	16,659,302
Glass and glass products.. . . .	17,494,600	24,074,549
Metals and metal goods.. . . .	103,115,648	178,210,537
Machinery, electro-technical apparatus and all kinds of vehicles.. . . .	22,362,144	58,242,945
Scientific instruments.. . . .	2,255,750	2,698,609
Clocks, watches, toys and firearms.. . . .	2,546,052	2,568,553
Total dinars.. . . .	2,982,057,276	2,576,133,232

At the rate of 3 cents to the dinar the above total of imports into Yugoslavia during the first nine months of 1920 is the equivalent of about \$51,520,000, but during most of this period the rate of exchange was considerably higher.

## SOURCES OF SUPPLY

Italy, Great Britain, France and Switzerland commenced to trade actively with Yugoslavia immediately following the conclusion of hostilities and up to the middle of 1920 a large quantity of goods were imported from these countries. American firms also manifested an interest in this market.

For some time past United States interests have been negotiating for the supply of railway constructional material and rolling stock to Yugoslavia. Relief goods of American manufacture, such as ready-made clothing and boots and shoes, were also imported during 1919, while the United States Food Mission introduced a number of American agricultural machines into southern Serbia. Other goods purchased

from the United States comprised chiefly such American specialties as petroleum products, typewriters, motor cars and machines. During the past few months there has been a marked decrease in importations from North America.

Italy was the first country to secure a foothold in the Yugoslav market after the armistice. Quantities of underwear, textile fabrics especially of the cheaper grades, and boots and shoes have been imported from Italy, but unsatisfactory reports are given regarding the quality of the goods supplied.

Great Britain has done the bulk of the trade in cotton and woollen cloth, and considerable quantities were being shipped to Yugoslavia up to within the past few months. Various raw materials and semi-manufactured iron have also been sent from Great Britain.

France has furnished Yugoslavia chiefly with perfumes, articles of luxury, and certain kinds of textiles.

The Swiss have also been very active in seeking to develop trade relations with Yugoslavia and during 1919 shipped goods to the total value of about \$4,000,000, comprised of textile fabrics, clothing, boots and shoes, chemicals and hardware.

#### TRADE WITH CENTRAL EUROPE

During the past six months there has been a decrease in the share of Yugoslav imports supplied by western European and North American countries and an increase in the proportion of goods purchased from Czecho-Slovakia, Austria, Germany and Hungary. The rates of exchange and transport facilities have been the chief factors governing this change in the chief sources of supply for goods required in Yugoslavia. The tendency has also been assisted by the commercial agreements which have been entered into between the Government of the Kingdom of Serbs, Croats and Slovenes and the governments of other Central European countries. The first of these agreements was drawn up with Austria. This trade convention called for the repairing of locomotives and the supply of certain goods by Austria in exchange for foodstuffs. Later, an agreement was concluded with Czecho-Slovakia providing for the barter of 11,000 tons of sugar against Yugoslav wheat and cattle. Further commercial conventions calling for the exchange of goods on a barter basis have lately been drawn up with these two countries and with Germany. In this way Yugoslavia hopes to obviate the difficulties of exchange rates and to secure necessary manufactured goods and materials for reconstruction in return for the surplus products of the country.

Czecho-Slovakia is the country which is now coming to the front as a supplier of goods to Yugoslavia. Competition from this source is keen in most lines, but especially in textiles, hardware, chemicals, machinery and constructional materials. The Czecho-Slovaks have the advantage of transport by relatively short rail-haul or by river services on the Danube and also that of a currency more depreciated than the Yugoslav. For these reasons they must be regarded as among the most important competitors for trade with the Yugoslav market.

#### DETAILS OF COMMERCIAL AGREEMENTS

It is of interest to briefly outline the trade agreements which have been concluded between Yugoslavia and other central European countries as they afford an indication of the products which Yugoslavia has for disposal as well as of the articles most urgently required in the country.

Under the terms of the new trade agreement with Czecho-Slovakia negotiated last autumn in Prague, Yugoslavia is to receive various manufactured articles, coal and sugar in return for foodstuffs, minerals and other raw materials. The treaty expires on June 30, 1921, but may be continued in force another three months with the agreement of both parties.



Yugoslavia undertakes to deliver 60,000 tons of wheat and an additional 30,000 tons if transport facilities permit; 100,000 tons of iron ore; 6,000 tons of manganese ore, pyrites, zinc dust and lead; 3,000 tons of lard; 1,000 tons of dried meat; 1,000 tons of bacon; 150 tons of kid and lamb skins; bones, slaughterhouse offal, rice, straw, hardwood and soda.

In return Czecho-Slovakia agrees to ship 25,000 tons of sugar; 32,000 tons of coke; 15,000 tons of coal for locomotives; 12,000 tons hard coal; 3,000 tons coal for steamers; and certain quantities of pig and wrought iron; sheet iron; railway parts and materials for construction and repair of lines; agricultural implements such as hoes, scythes, axes and ploughs; lathes; mining tools; 5,200 tons of window glass; 2,200 tons of newsprint, office and wrapping paper; earthen and ceramic building materials; uppers and soles for shoes; carpets; chemicals; laboratory equipment; and textiles.

The agreement provides that the contracting governments will do everything to facilitate the transport of the above goods between the two countries.

The latest trade agreement between Yugoslavia and Austria provided for the sale by the former of 15,000 tons of wheat and 40,000 tons of corn, valued at approximately 160,000,000 dinars, in return for which Austria reserves for purchase by merchants of Yugoslavia various manufactured articles. Several other trade conventions have been negotiated between these two countries.

#### EXPORTABLE COMMODITIES

The above details of the trade agreements concluded with Central European countries give some indication of the commodities which are available for export from Yugoslavia. It is seen that cereals are the most important export at the present time and the available surplus is estimated at over 500,000 tons of wheat and corn. An arrangement has been entered into for supplying Greece with monthly shipments of from 7,000 to 10,000 tons of wheat. Italy offers the most available market for Yugoslav timber and some shipments have gone forward. The quantities of oak, beech and pine timber which could be exported were outlined in the first chapter of this report. A large quantity of tannin can also be shipped. The products of the breeding industry which can now be exported from Yugoslavia include live-stock; meat; bacon; hides, goat, kid, lamb skins; offal and wool. It is impossible to estimate the quantities of such products available, but there is a considerable decrease as compared with the pre-war period. Poultry and eggs are also available for shipment abroad. The fruit industry yields prunes, jam, prune brandy, and crushed fruits for export. Of vegetables there can be exported beans and potatoes. Hemp is another product of which there is a surplus. Wine can be exported from Dalmatia and from the Northern Provinces. Dalmatia also has insect powder, plants and herbs. Finally there must be mentioned iron ore and other minerals yielded by the mines of Yugoslavia largely for shipments to other countries.

Although the quantities of the various commodities available for export are evidences of decreased production, it must be remembered that this feature is common to most other European countries. During the war the territories of Yugoslavia were drawn on to a great extent to supply the Central Empires with foodstuffs and raw materials. There was thus a diminution of the number of live-stock. In Serbia much wanton damage was done, such as the destruction of fruit trees. In view of all the difficulties of the after-the-war situation it must be admitted that the Yugoslavs are making creditable efforts to restore normal economic conditions. Since the country is largely agricultural a series of good crops and the improvement of transport services should bring about a relatively early recovery as compared with certain other countries of Eastern Europe.

The following table of the exports from Yugoslavia during the month of October, 1920, which reached a total value of dinars 179,972,795, will further serve to illustrate the volume and nature of the present export trade of the Kingdom:—

Commodity	Value in Dinars	Commodity	Value in Dinars
Wheat (11,954 tons) . . . . .	34,329,766	Live cattle— <i>Con.</i>	
Corn (29,423 tons) . . . . .	34,311,800	c. Mules, 8 head . . . . .	20,000
Rye (947 tons) . . . . .	3,404,561	d. Donkeys, 10 head . . . . .	11,000
Semolina . . . . .	24,116	e. Cows, 41 head . . . . .	136,000
Macaroni . . . . .	113,890	f. Pigs, 4,479 head . . . . .	7,214,144
Vegetables:		g. Small cattle, 13,519 head . . . . .	2,667,470
a. Beans (2,653 tons) . . . . .	5,306,787	h. Poultry, 14,672 head . . . . .	810,289
b. Potatoes (2,555 tons) . . . . .	2,065,920	Meats and meat products . . . . .	13,182,870
Crushed fruits (1,841 tons) . . . . .	1,470,856	Animal products:	
Dried prunes (5,283 tons) . . . . .	14,469,855	a. Cheese . . . . .	3,606,998
Jam . . . . .	10,670	b. Eggs . . . . .	9,589,316
Wine . . . . .	545,964	Wood:	
Brandy . . . . .	70,000	a. Firewood (1,167 tons) . . . . .	145,300
Hemp (600 tons) . . . . .	3,144,050	b. Constructional (29,892 tons) . . . . .	19,041,697
Rope . . . . .	186,000	Wood products . . . . .	1,081,095
Live cattle:		Tannin (324 tons) . . . . .	1,280,000
a. Horses, 167 head . . . . .	412,000	Minerals (12,988 tons) . . . . .	3,148,161
b. Foals, 620 head . . . . .	771,200	Miscellaneous . . . . .	16,926,716

#### DESTINATION OF EXPORTS

The shares of the different countries to which Yugoslavia is exporting the surplus products of the country are shown in the following table covering the first nine months of 1920:—

Country	Value Dinars	Per centage	Country	Value Dinars	Per centage
Italy . . . . .	274,688,655	38.66	Poland . . . . .	4,956,800	0.70
Austria . . . . .	270,414,365	38.06	United States . . . . .	1,885,720	0.26
Czecho-Slovakia . . . . .	51,653,727	7.27	Denmark . . . . .	1,200,000	0.17
Greece . . . . .	25,974,189	3.66	Belgium . . . . .	666,450	0.09
France . . . . .	22,798,071	3.21	Roumania . . . . .	356,748	0.05
Bulgaria . . . . .	15,619,123	2.2	Tunis . . . . .	290,000	0.04
Switzerland . . . . .	13,668,327	1.98	Great Britain . . . . .	190,095	0.03
Hungary . . . . .	11,665,527	1.64	Albania . . . . .	122,589	0.02
Germany . . . . .	9,037,417	1.27	Turkey . . . . .	113,542	0.02
Egypt . . . . .	5,165,235	0.73			

#### EXPORT REGULATIONS

Exportation from the Kingdom of Serbs, Croats and Slovenes is regulated and certain articles are subject to the payment of export duty when shipped abroad. The export tariff is specific and duties are levied on the weight of the article exported. Export shipments are divided into the following classes:—

(a) Certain articles, such as carpets, ores, fruits, may be exported in unlimited quantities and without the payment of export duty.

(b) Certain articles may be exported in unlimited quantities, but only on payment of duty.

(c) Certain articles, such as cattle, meat, wheat, corn and flour may be exported up to specified total quantities but are subject to export duty. This provision is to safeguard the food supplies of the country, to provide foodstuffs for non-producing districts, and to prevent the export of articles essential for the reconstruction of the country.

(d) The export of all other articles is prohibited.

The export duties are subject to modification from time to time in accordance with fluctuations in world prices and in the rates of exchange.

In addition to the export duty there has recently been imposed a tax on turnover amounting to 50 per cent of the duty.

## IMPORT DUTIES

The Serbian Customs Tariff of 1911 is at present in force in Yugoslavia and applies to imports into all parts of the Kingdom of Serbs, Croats and Slovenes. The duties provided for by this tariff are levied in gold dinars per unit of weight which is usually per 100 kilogrammes (220 pounds). There are two schedules, one being the general or maximum tariff and the other the conventional tariff applying to countries with which most-favoured-nation conventions have been concluded, e.g., treaty with Great Britain.

In addition to the customs duties a tax on turnover is levied on articles imported into the Kingdom of Serbs, Croats and Slovenes. This "turnover tax" is 100 per cent on the import customs duty.

Although both customs duty and turnover tax are levied in gold dinars, it is usual in practice for these duties to be paid in paper currency at a fixed rate of exchange. At the present time the rate prescribed by the Ministry of Finance is two paper dinars to one gold dinar, or 100 per cent more when the duty and tax is paid in paper currency.

Besides the customs duty and turnover tax there is also levied on a wide range of articles imported into Yugoslavia what is known as a "luxury duty." This was formerly a 10 per cent ad valorem duty charged on articles of luxury, the duty being levied on the amount shown in the invoice of the seller of the goods. Owing to the absence of trained valuers and other machinery for collecting ad valorem taxes, it was found impossible to prevent fraud on the part of the importers. It was therefore decided to draw up a new scale of luxuries taxes comprising specific duties in gold dinars per 100 kilogrammes. The new schedule of luxury articles and the rate of the special duties thereon was published in the *Official Gazette* of January 11, 1921. This list embraces a large proportion of the items of the Customs Tariff and covers a wide range of articles, including many which would not be classed as luxuries in other countries. Practically all articles not considered essential for the reconstruction of the country or for the urgent needs of the population are included in the list of luxuries. The rate of duty varies in the case of each article, but is intended to be as nearly as possible equivalent to the former 10 per cent ad valorem duty. Being a specific duty, however, the incidence is greater in the case of cheap articles than in that of expensive ones of the same kind.

It is well to illustrate the manner in which the three duties—Customs, Turnover and Luxury—are levied by taking a concrete case as an example. Thus mushrooms are classified for duty under Article 10 of the General Customs Tariff. They are also subject to luxury duty, which amounts in this case to 250 gold dinars per 100 kilogrammes (220 pounds). Upon importation into the Kingdom of Serbs, Croats and Slovenes the following duties would therefore have to be paid upon a consignment of mushrooms:—

	Gold Dinars	Paper Dinars
Customs duty, per 100 kilos. . . . .	60	120
Turnover tax, per 100 kilos. . . . .	60	120
Luxury duty, per 100 kilos. . . . .	250	500
Total. . . . .	370	740

In the case of articles which are not subject to luxury duty, the customs duty and turnover tax are together in reality less than the duty levied before the war, amounting in paper dinars to four times the pre-war duty whereas the paper currency has depreciated over five times. This results from the Ministry of Finance having fixed the rate for duty purposes at two paper dinars to one gold dinar.

It is hoped that the above outline will enable interested Canadian exporters to understand the duties to which are subject goods imported into the Kingdom of Serbs, Croats and Slovenes. A copy of the new schedule of luxury taxes and the list of



articles classified as luxuries has been forwarded to the Department of Trade and Commerce, Ottawa, from whom particulars as the rates of duty applicable to any one article may be obtained.

CERTIFICATES OF ORIGIN REQUIRED

In order that goods imported from Canada into the Kingdom of Serbs, Croats and Slovenes may obtain the benefit of the conventional rates of duty, it is necessary for the importer to be provided with a certificate of origin. These certificates may be issued by local chambers of commerce, boards of trade or commercial associations acting as such, by manufacturers' associations, and by the police and communal authorities of the place from which the goods are sent.

The origin may also be certified on the original invoice. Direct bills of lading (by rail or ship) may serve as proofs of the origin of the goods. Certificates of origin of the goods written on the invoices or on the export declarations by the exporting custom houses are also considered valid.

Unless proper certificates of origin are produced when the goods are being cleared, the maximum or general tariff rates will be applied. The certificate of origin should indicate the quantity (gross weight), number of packages, marks, numbers, place of origin and the name of the sender. It is not necessary that the certificates of origin should be certified to by a Yugoslav consul.

ARTICLES TEMPORARILY EXEMPTED FROM DUTY

With a view to facilitating the importation of certain articles required for the reconstruction of the country, the Government of the Kingdom of Serbs, Croats and Slovenes accords from time to time temporary exemption from import duty or other customs privileges. The list of articles so exempted affords an indication of the most urgent needs of the country. At the present time, by decree of October 4, 1920, the importation of all boats, steamers, barges, etc., steel rails, and other railway construction materials, railway cars, etc., is free of import duty unconditionally. The following are among the articles which are exempted from import duty, provided that they are imported by any organization for their own use or for the use of their members and not for further sale:—Steam engines and parts thereof, and locomobiles; all engines or motors worked by any kind of fuel; parts for transmission, electrical apparatus, tools and implements for machinery or for agriculture; pumps and cranes; lubricating oils; motor spirit of all kinds, except kerosene for lamps, sale of which is a State monopoly; coal, lignite.

The following articles are also exempt if there is a lack of such in the country: building materials; industrial and electrical installations; chemicals for preparing dyes and paints; raw materials of all kinds; semi-manufactured materials used for technical purposes.

III

Population and Institutions

Yugo (Southern) Slavs comprise over four-fifths of the total population of Yugoslavia. This country has therefore a more homogeneous population than either Roumania or Czecho-Slovakia. The only part of the country in which this preponderance of Yugoslavs is not maintained is in the Voivodine (Bachka, Baranya and Banat), where the Serbo-Croats comprise 35.1 per cent of the total population, Hungarians 30.2 per cent, and Germans 22.3 per cent. In all other parts of the country Yugoslavs are in the great majority, as the following table shows:—

	Percentage of Yugoslavs		Percentage of Yugoslavs
Serbia proper.. . . .	93.9	Slovenia.. . . .	87.8
Southern Serbia.. . . .	76.6	Medjumurje.. . . .	91.0
Croatia and Slavonia.. . . .	87.7	Dalmatia.. . . .	95.0
Bosnia-Herzegovina.. . . .	96.2	Montenegro.. . . .	74.7
Voivodine.. . . .	35.1		

Besides the Yugoslavs there are nearly 300,000 other Slavs (Bulgarians, Ruthenians, Slovaks, Russians, Poles, etc.) in Yugoslavia, chiefly in southern Serbia, the Voivodine and Croatia-Slavonia. The most considerable non-Slav element of the population of Yugoslavia are the Hungarians. There are 405,127 Hungarians in the Voivodine and 105,948 in Croatia-Slavonia. Elsewhere their numbers are inconsiderable. The total number of Germans in Yugoslavia is 507,077, of which 298,433 are settled in the Voivodine, 134,078 in Croatia-Slavonia, 131,510 in Slovenia, and 23,373 in Bosnia-Herzegovina. The Roumanians in Yugoslavia number 132,061, of which 89,873 are in Serbia and 41,082 in the Voivodine. Finally there are 18,028 Italians in Dalmatia, inclusive of the town of Zara assigned to Italy by the Treaty of Rapallo. There are also about 5,000 Italian speaking people in Montenegro.

The following is a summary of the various elements composing the total population of Yugoslavia:—

		Percentage
Yugoslavs.. . . . .	10,711,321	84.2
Other Slavs.. . . . .	297,474	2.3
Hungarians.. . . . .	524,143	4.1
Germans.. . . . .	497,626	4.0
Roumanians.. . . . .	131,801	1.1
Italians.. . . . .	23,028	0.2
Others.. . . . .	516,366	4.1
Total.. . . . .	12,701,759	100%

The Roman Catholic and Greek Orthodox religions can claim almost an equal number of adherents among the population of Yugoslavia. Roman Catholics are chiefly in the north-western half of the country, and those of Greek Orthodox persuasion in the south-eastern. A line drawn from the town of Subotica to the mouth of the river Narenta in Dalmatia would fairly well represent the division between the two chief religions of the country. Speaking generally, the Serbs are Orthodox and the Croats are Roman Catholics, and religion is more often the basis of distinction between these two branches of the Yugoslav race than language or origin. The Slovenes are nearly all Roman Catholics. Among the Greek Orthodox must be included the Roumanians, Bulgarians and Greeks living in Yugoslavia.

Bosnia-Herzegovina is the part of the country which has the greatest mixture of religions. Of the total population of these provinces about 824,020 are Greek Orthodox, 611,885 Moslems, 433,480 Roman Catholics, 6,245 Protestants, and 11,850 Jews. The Moslems of Bosnia-Herzegovina are nearly all Serbo-Croats and are not Turks, as is incorrectly assumed by some travellers. There are also 240,000 Mohammedans in other parts of Yugoslavia, chiefly in southern Serbia, some of which are Turks, the rest Serbs.

Jews to the number of about 90,000 are scattered throughout the country, but are chiefly found in the larger towns. There are very few Jews, however, in Slovenia and Dalmatia.

A summary of the total number of adherents of the various religions of Yugoslavia is as follows:—

	Number of Adherents	Percentage of Total
Roman Catholics.. . . . .	5,832,000	45.2
Greek Orthodox.. . . . .	5,727,000	44.4
Mohammedans.. . . . .	851,000	6.6
Jews.. . . . .	90,000	0.7
Others.. . . . .	400,000	3.1

The Greek Orthodox Church of Serbia is a national and independent church with a Serbian Patriarch at the head. The sway of this church is now being extended to embrace all the Orthodox population of Yugoslavia. The Kingdom of Serbs, Croats and Slovenes maintains a representative at the Vatican.

## LANGUAGE

The language of the Serbs, Croats and Slovenes belongs to the great Slavic group of languages, which includes Russian, Bulgarian, Polish and Czech. The language of the Serbs and that of the Croats is practically the same, there being only a difference of dialect and a slightly different vocabulary. The Slovene dialect on the other hand may be regarded as a separate Slav language, distinct from the Serbo-Croatian.

The chief distinction between the Serbian and Croatian languages is that the Serbs use Cyrillic letters for their alphabet, the same as the Russians and Bulgarians, while the Croats use Latin letters. This distinction has a religious and historical significance and the use of the Cyrillic alphabet is general among Yugoslavs belonging to the Greek Orthodox Church.

The Serbian language may be described as Russian simplified, while the alphabet is also the same as the Russian, only more simple.

Slovenian is written with Latin characters the same as Croatian. The hissing sounds peculiar to Slavic languages are denoted by means of accents placed over the *c*, *s*, and *z*.

After the native languages German is the most useful medium for business purposes in Yugoslavia. In those parts of the country which were under Austro-Hungarian rule, e.g., Croatia and Slavonia, Slovenia, Bosnia-Herzegovina, Dalmatia and the Voivodine the German language is generally understood and spoken by inhabitants. In Slovenia, however, there is a more marked aversion to the use of German than in the other provinces. In Serbia and Montenegro the German language is familiar to most of the commercial classes and officials. Nearly all educated Serbians have also a good knowledge of French.

Canadian firms when writing to business people in Yugoslavia should therefore endeavour to use German, if facilities for writing in the native tongue of the addressee are not available. Failing German the use of French is preferable to English. Catalogues should in all cases be printed in either one of the native languages of the country, e.g. Croatian or in German.

## THE YUGOSLAVS

The Southern (Yugo) Slavs are a branch of the great Slav race and formed part of the migration of Slavs in the sixth and seventh centuries from their original homes on the plains of Central Russia across the Carpathians. They settled throughout the basin of the Danube and in the Balkan Peninsula. Two or three centuries later the inroads of Hungarians from the East and Teutons from the West drove a German-Magyar wedge between the northern Slavs-Czechs, Slovaks, Poles, Ruthenians, Russians—and the South Slavs-Serbs, Croats and Slovenes. This wedge has persisted to this day, the Hungarians having maintained themselves in the fertile central districts of the Great Plain of Hungary.

The South Slavs settled mainly in the Balkans and by the seventh century had peopled most of the western half of the peninsula. This territory then offered special attractions to an agricultural people. The soil was fertile and the climate good, while the country occupied a central position in the ancient civilized world. The Via Egnatia, running through Albania to Salonica via Bitolj (Monastir) was one of the main trade routes of those times. The South Slavs came with their flocks and herds. They were like other Slavs distinguished for their impatience of restraint and formed loosely organized semi-independent tribes. The trait in their character explains the later subjection of the Yugoslavs to other races as well as the love of freedom which has again brought them independence against insuperable difficulties.

The lack of unity among the Yugoslavs soon led to their division into three distinct states—the Slovene in the districts along the upper courses of the Drave and Save rivers; the Croatian, in the North Adriatic coast-land; and the Serbian state in



the mountainous western part of the Balkan peninsula. The Slovene state was the first to succumb being conquered by Charlemagne, and it never again recovered its independence until the present day. In the thirteenth century the Slovenes came under the rule of the Hapsburgs and formed part of Austria until 1918.

By the eleventh century Croatia had become a powerful kingdom. Being weakened by internal struggles, the Croats later formed a state union with Hungary, and although at first this represented an equality between the two states, the position of Croatia gradually developed into that of a vassal. Up to the war, however, Croatia retained a certain measure of local autonomy, having an elected diet which sat at Zagreb. This autonomy was in reality of very small scope and constantly subject to the interference of the "Ban" or governor appointed from Budapest.

The Serbians retained their independence longer than the Slovenes or Croats, but with varying fortunes. The Serbian state, first as a kingdom and later proclaimed an empire, became during the fourteenth century the first power in the Balkan Peninsula and made great progress in civilization. At the same time Bosnia developed as another Serbian state and the chief rival of Serbia for the hegemony of the peninsula. The Turks then began their westward march on Europe. After a severe struggle lasting over a hundred years the Turks finally conquered both Serbia and Bosnia in the fifteenth century.

#### EFFECT OF RELIGIOUS SCHISM

The schism between the Western or Roman Catholic and the Eastern or Greek Orthodox Churches has had a profound effect on the history of the Yugoslavs and has been one of the chief factors preventing unity of action between Serbs and Croats. The Southern Slavs were first introduced to Christianity in the ninth century by the brothers Cyril and Methodius. The former, in order to make the scriptures intelligible to the new converts, invented an alphabet to express the Slav dialects. This alphabet is the "Cyrillic," which is still used by Slavs of the Greek Orthodox faith. The schism in the church effectively divided the Yugoslavs into two opposing camps, since the boundary between the two churches was drawn across their territory and the Croats and Slovenes fell under the influence of the Church of Rome. The Council of Salona (Split) branded Cyril and Methodius as heretics and the Slav alphabet the invention of the devil. The alphabet question was to play a great part in keeping separate the Serbs and Croats, who speak practically the same language.

#### PERIOD OF FOREIGN DOMINATION

From the fifteenth to the nineteenth century almost the whole of the Yugoslavia was under foreign tutelage—the Slovenes under Austria, the Croats under Hungary, and the Serbs under the Turks. Some of the more indomitable spirits among the Serbs were able to hold out against the Turks in the mountain fastnesses of Montenegro, where they maintained a semi-independence until 1918, when the Montenegrins voted for union with the other Yugoslavs. From the thirteenth century to 1808, Dubrovnik was also an independent republic and at one time was of considerable maritime and commercial importance. Dubrovnik was also the literary centre of the Yugoslavs during this period of foreign domination.

#### YUGOSLAV FIGHT FOR FREEDOM

In spite of their subjugation by other races, the Yugoslavs showed a remarkable national tenacity and resistance to absorption and were able to maintain their language and religion in the face of every kind of persecution. The Serbs under Turkish rule fared worse than most of the other Christian subjects of the Sultan, since, being further from Constantinople, they were more at the mercy of the local governors to whom the central government farmed out the administration of the Christian pro-

vinces. As time went on the Serbs therefore became more and more subject to oppressive taxation and cruelty, which increased as the power of the Constantinople government declined. Finally, at the beginning of the nineteenth century the Serbs were driven to armed risings and in 1815, after a twelve years' struggle, a semi-independent Serbia emerged, which was not, however, confirmed by the Turks until 1830.

The Treaty of Berlin, 1878, recognized the complete independence of Serbia, and in 1882 the country was declared a kingdom. This Serbia, however, included only a small proportion of the Serbian nation. Bosnia after repeated insurrections against Turkish rule was handed over, together with Herzegovina, to the military occupation of the Austro-Hungarians by the Treaty of Berlin. The execution of this treaty was forcibly resisted by the Bosnians, but without avail. In 1908 Austria-Hungary formally annexed Bosnia-Herzegovina, offering the Turks compensation. Montenegro was at this time an independent principality which by the Treaty of Berlin had secured a considerable addition of territory. In 1910 the reigning prince, Nicholas, declared the country a kingdom. During all this period the national consciousness and desire for union with the other Yugoslavs had been growing among the Croats and Slovenes and had led to a bitter struggle with the Austro-Hungarians.

Finally in 1912 Serbia and Montenegro joined with the Greeks and Bulgarians and decisively defeated the Turks. This was followed by the second Balkan War in which the Serbians, Greeks and Roumanians defeated the Bulgarians. By the Treaty of Bucharest of that year Serbia secured a large part of Macedonia and southern Serbia, including the towns of Skoplje and Bitolj. Montenegro was also rewarded with an addition of territory. The success of the Serbians in these two wars aroused the national feeling in the Yugoslavs inhabiting Austria-Hungary and excited the jealousy of the latter Empire, for Serbia stood in the path of Austro-Germanic expansion towards the East. This was one of the main causes leading up to the Great War which was precipitated by the murder of the Archduke, Francis Ferdinand, the Austrian heir-apparent, at Sarajevo on June 28, 1914. The Archduke was assassinated by a Bosnian Serb, an Austrian subject, and he had come to Sarajevo on the Serbian National Day to attend military manoeuvres.

The heroic resistance of Serbia during the Great War is well known. During the first year of the war Serbia was the only one of the allied countries to wage a successful campaign against the enemy. In 1915 commenced the retreat over the Albanian mountains to the Adriatic and Serbia was completely overrun by the Austro-German-Bulgarian armies. The survivors of the Serbian army were reformed and sent into the allied front at Salonica. They were part of the army which reconquered Serbia in 1918. With the breakup of the Austro-Hungarian Empire in that year all the various branches of the Yugoslav race voted for union and the formation of one state to be known as the Kingdom of Serbs, Croats and Slovenes.

#### GOVERNMENT

Yugoslavia has been administered since the formation of the new state by the extension to cover the whole country of the existing machinery of government for the former independent kingdom of Serbia. Certain local privileges and autonomies have, however, been respected in those parts of the country which formerly belonged to Austria-Hungary. Last November (1920) an election on the basis of universal suffrage was held for members of a Constituent Assembly, which will have the task of drawing up a constitution.

#### PREPARATION OF CONSTITUTION

The Constituent Assembly is now in session, but is confronted with great difficulties in its task of constitution-making. These difficulties chiefly arise from the variety of legal, legislative and administrative institutions in the different parts of

Yugoslavia. Serbia and Montenegro were before the war independent kingdoms. The former had an advanced constitution providing for a liberal suffrage on a wider basis even than that of the prewar Great Britain. Montenegro was also a constitutional monarchy, but the king had power to override the national Skupshtina or Parliament.

Croatia-Slavonia formed part of Hungary, but for strictly local affairs was considered autonomous. For this purpose there was a Diet consisting of 90 elected members and other members *ex officio*. The Croatian Diet sent forty representatives to the Budapest Parliament and three to the Upper House. The members of the Croatian Diet were elected on a narrow basis of suffrage so that the peasants had hardly any voice in the local legislature. The executive power was in the hands of a "Ban" or governor, who was appointed from Budapest and who had very wide powers.

The Voivodine and Medjumurje were integral parts of Hungary and administered from Budapest. They had the right to elect members to the Hungarian Parliament, but the basis of election gave a preponderant influence to non-Slav races—Germans and Hungarians.

Throughout Croatia-Slavonia, the Voivodine and Medjumurje the laws and judicial institutions were those of Hungary and differed from those in Slovenia and Dalmatia, which were under Austria.

In the former Austrian provinces of Yugoslavia there were local parliaments for each province—e.g., Carniola, Styria, Carinthia, Dalmatia—but the electoral laws gave a disproportionate influence to the large Austro-German landowners. The Vienna government had also the right to overrule the provincial parliaments as it saw fit. These provinces also sent members to the Vienna parliament, elected on a similar basis to those for the local legislatures.

Bosnia-Herzegovina was ruled directly by the Austro-Hungarian Imperial Government through a military governor who had almost absolute power.

There was thus represented in the different parts of Yugoslavia almost every form of government from the autocratic military rule in Bosnia-Herzegovina to the liberal constitution of Serbia. It may be stated that of all the peasants of Yugoslavia, who form the vast majority of the population, only those in Serbia have had any acquaintance with the right to vote or have hitherto exercised any political influence. It is probable that the Constituent Assembly will take the Serbian Constitution as the basis for the new constitution for Yugoslavia. It has, however, been unanimously decided to grant a large measure of local autonomy. It was at first thought desirable to take nine of the historical divisions of the country as the basis for a federal system, but now public opinion appears to favour the creation of about thirty autonomous provinces, each to have at least 200,000 inhabitants and not more than 600,000. Another innovation is expected to be the introduction of a Senate or Upper House. Otherwise it is expected that the new constitution will be modelled on that of Serbia.

#### THE SERBIAN CONSTITUTION

The legislative power in Serbia belonged to the national Skupshtina or Parliament and the King. The Skupshtina is a traditional institution with the Serbian people, and in its modern form as a parliament it has gradually developed since 1858. The members of the Skupshtina are elected by secret ballot, all persons who pay 15 dinars of direct taxes annually having the right to vote. The system of voting is that of proportional representation, and the law requires that two members elected from each province must have certain educational qualifications. The national Skupshtina is elected for four years and holds sessions annually. The King convokes, adjourns and dissolves the Chamber, and his sanction is necessary to all bills passed. The ministers are responsible to the national Skupshtina. There is also a Council of State, a consultative and administrative body of sixteen members elected by the Skupshtina, and which examines all bills, except the budget, submitted to the



Chamber. It is also the Court of Appeal on constitutional matters. Local affairs in Serbia are administered by officials of the central government, while for purely local affairs there is in each province an assembly, while the towns have municipal councils. The judicial power is independent of the executive and legislative bodies and all judges are immovable.

#### MINISTRIES

The present executive of the Kingdom of Serbs, Croats, and Slovenes is comprised of a prime minister or president of the council of ministers and sixteen ministers or heads of departments. The ministries are those for Foreign Affairs, Interior, Justice, Finance, Communications, Public Works, Trade and Industry, Post and Telegraphs, Food and Reconstruction, Agriculture, Forests and Mines, Social Welfare, Public Instruction, Religion, Public Health, and the Ministry for the Preparation of the New Constitution.

#### CHIEF PARTIES AND POLICIES

Unfortunately the results of the election for the Constituent Assembly were not very favourable to the task of drawing up a constitution, since no one party secured a majority. Out of a total of 41 seats the Radicals obtained 101, the Democrats 97, the Communists 54, the Peasant Party of Croatia 51, the Mohammedan Party in Bosnia 25, the Slovene Clericals 15, the Bosnian Agriculturists 12, other Clericals 7, and the remainder of the seats are divided among a number of minor parties, including the Peasants' Party, Socialists, Reactionaries, Independents, Non-party, etc. A coalition government is being formed to carry the country through the period of drawing up the constitution. This coalition is being headed by M. Pasitch, the veteran statesman and leader of the Radicals, who has had over twenty years' political experience. Most of the centre parties will be represented on the coalition, including the Radicals, Democrats, Mohammedan Party, and Combined Peasants' Party. The attitude of the Croatian Peasants' Party, who had declared for a Croatian Republic, is still uncertain. Two of the chief issues are the question of autonomy for the provinces and agrarian reform. The Democrats had been opposing wide autonomy, but now appear reconciled. The Democrats are also in favour of a thorough agrarian reform, and in this they are supported by the peasants' parties. The Radicals oppose any far-reaching agrarian changes, and are backed by the Mohammedan Party. The question of agrarian reform does not interest the Serbian peasantry since there are no large holdings in Serbia, but it is of the greatest practical importance in the other parts of the country where there are still large estates to be divided.

It may be thus seen that the Yugoslavs are confronted with very great problems in the consolidation of the new state. There are many conflicting claims and interests to be harmonized. It is therefore not surprising that of all the new countries formed as a result of the war Yugoslavia is the one in which it has taken the longest time to decide the form of government and constitution under which the country is to be administered.

## IV

## Commercial Centres and Trade Routes

## CHIEF TOWNS

The chief centres of Yugoslavi are given in the appended list, which also shows the former name by which the town was known under Austro-Hungarian or Turkish rule, the division of the country in which each centre is located, and an estimate of the prewar population.

Name of Town	Former Name	Division of the Country	Estimated Pre-war Population
Belgrade.....	—	Serbia .....	120,000
Zagreb.....	Agram.....	Croatia .....	100,000
Ljubljana.....	Laibach.....	Slovenia .....	60,000
Sarajevo.....	—	Bosnia .....	51,000
Skoplje.....	Uskub.....	Southern Serbia .....	45,000
Bitolj.....	Monastir.....	Southern Serbia .....	50,000
Split.....	Spalato.....	Dalmatia .....	32,000
Osijek.....	Essegg.....	Slavonia .....	31,000
Novi Sad.....	Neusatz.....	Bachka .....	34,000
Subotica.....	Szabadka.....	Bachka .....	94,000
Sombor.....	Zombor.....	Bachka .....	30,500
Maribor.....	Marburg.....	Slovenia .....	28,000
Nish.....	—	Serbia .....	25,000
Mostar.....	—	Herzegovina .....	16,500
Dubrovnik.....	Ragusa.....	Dalmatia .....	10,000
Sibenik.....	Sebenico.....	Dalmatia .....	10,000
Podgoritsa.....	—	Montenegro .....	10,000
Kotor.....	Cattaro.....	Dalmatia .....	7,000
Cettinje.....	—	Montenegro .....	5,000

## COMMERCIAL CENTRES

Belgrade and Zagreb are the two principal commercial centres of Yugoslavia. The former is the capital of the kingdom, while the latter is the chief centre of Croatia, which is the most developed section of the country. In respect of trade turnover it is difficult to state which centre is the more important. The organization of commercial firms, banks, and other trading facilities is developed to a greater extent at Zagreb than at Belgrade. On the other hand, the central situation of the latter city and the fact that it is the capital of the kingdom will tend to enhance its commercial importance in the future. It may therefore be expected that Belgrade will eventually become the leading trade and financial centre of Yugoslavia. For the present the relative position of the two cities may be roughly defined by stating that Zagreb is the chief centre for the Roman Catholic part of the country and Belgrade that for the Greek Orthodox section. Besides Belgrade and Zagreb the chief distributing centres for goods imported from abroad are Ljubljana, Sarajevo, Skoplje, Bitolj, Split and Dubrovnik.

## BELGRADE

Belgrade is splendidly situated at the junction of the Save and the Danube rivers. The city lies on a hilly promontory and at the base of a limestone rock on which are the ruins of an old fortress. This fort played an important part in the Turkish wars. Before the war the situation of Belgrade across the Save from Austria-Hungary was a disadvantageous one for the capital of Serbia, but at the present time the city is admirably suited to serve as the capital of the Kingdom of Serbs, Croats and Slovenes. It has a most central position and is situated on the main trade route from Western Europe to Constantinople and Salonica. This made Belgrade in former times the most important outpost of the Turkish Empire and to-day guarantees its future as a commercial centre.

The new railways to be constructed will bring Belgrade into direct connection with all parts of the Kingdom, and will increase the advantages which this city already

possesses as a distributing point. The present network of railway lines in Croatia-Slavonia and the Voivodine converge at Belgrade and here connect with the main line of the Orient railway, which leads through Nish to Constantinople and by the valleys of the Morava and Vardar rivers to Salonica.

The present population of Belgrade is about three times that of before the war. The result is that the city is overcrowded and there is a great lack of accommodation. Even before the war the available accommodation was insufficient, since property holders were reluctant to build permanent structures owing to the exposed position of Belgrade and in view of the imminent threat of war with Austria-Hungary ever since 1903. The city suffered from bombardment to a certain extent during the war. All of the factories and about 500 houses on the slopes to the east of Belgrade were destroyed, while several large factories along the Save waterfront were also damaged. For these reasons it is urgently required that building operations should be recommenced on a large scale at Belgrade. A great part of the city will need to be rebuilt in a manner more befitting the capital of a large country. Thus the existing Government buildings are quite inadequate for their present requirements, having been designed for the small pre-war Kingdom of Serbia.

The industries of Belgrade, most of which were damaged during the war, include flour mills, a brewery, a slaughter house, two small iron-works, a sugar factory, acid and soda works, two soap factories, a dye works, a tobacco factory, and a factory for matches.

The city is served by an electric railway system and a lighting plant. Belgrade is also an educational centre and has a university with faculties of Law, Science, Medicine and Technical Science, an academy of science, a public library and museums.

#### ZAGREB

Before the war Zagreb was the capital of the autonomous province of Croatia. The city is prettily situated at the base of the Agram mountains and about a mile and a half north of the river Save. It is a well laid-out city with wide streets, large squares and handsome buildings and is similar to most Hungarian towns. The country surrounding Zagreb is rich and fertile, and the city is conveniently situated to serve as the centre for the productive agricultural districts of Croatia and Slavonia. Zagreb is also the chief centre for the timber industry; the large companies operating saw-mills have their headquarters here. The head offices of many commercial firms and banks with interests throughout Yugoslavia are also located at Zagreb. There is a considerable trade in agricultural implements and machines transacted at Zagreb, for which this city is the most important centre in Yugoslavia. Large railway workshops are located here, while in addition to saw-mills and factory for the preparation of tannin, Zagreb has leather factories, iron-works, a boot and shoe factory, chemical works, brewery and textile mills.

The population of Zagreb has increased since the outbreak of the war from 100,000 to about 250,000. As a consequence the city is very over-crowded and accommodation difficult to obtain. Zagreb has a university and two academies as well as other up-to-date educational and public institutions.

#### OTHER COMMERCIAL CENTRES

Ljubljana is the most important city in Slovenia and is the trade centre of this territory. It is situated on a tributary of the Save in a fertile valley near the edge of the Karst, or limestone plateau of the Adriatic coast region. To the north of the city rise the Steiner Alps (8,395 ft.). The only other important commercial centre in Slovenia is the town of Maribor, which is situated at the point where the river Drave enters the Croatian-Slavonian plain. It is the headquarters for an extensive trade in wine and poultry.



The principal towns of Slavonia and the Voivodine have essentially an agricultural character, such as is the feature of provincial towns in Hungary. Osijek on the river Drave is a busy town and is the capital of Slavonia. Novi Sad, on the Drave fifty miles north of Belgrade, carries on a considerable trade in grain, fruit and vegetables. Almost on the Hungarian border lies Subotica, which with its 94,000 inhabitants is one of the largest towns in Yugoslavia. It is a long straggling agricultural town, situated in the heart of the most productive wheat-growing district of the Hungarian Plain. It has also an extensive trade in horses and swine. Another town of the Bachka with a large trade in agricultural products is Sombor, the former capital of this rich province.

In Croatia the only other centres besides Zagreb which are worthy of mention, are Karlovatz (pre-war population 8,000) on the river Kulpa and Sisak on the Save south of Zagreb. Owing to the cheap power available the former town is developing into an important industrial centre with cement works, shoe factory and saw mills. It is situated on the railway between Zagreb and Fiume (Rijeka). Sisak (population 7,000) is in the centre of an agricultural district and has also a number of saw mills.

#### TOWNS OF SERBIA.

In Serbia proper the most important trade centre after Belgrade is the town of Nish occupying a strategic position in the Morava valley at the point where the Orient railway forks in two, one line leading to Constantinople through Sofia and the other to Salonica. A brisk trade in cereals, animal produce and fruit is carried on at Nish, for it is the chief centre of the Morava valley, the most productive part of Serbia proper. Large railway workshops are located at Nish. Pojarevatz, situated east of the Morava river near its confluence with the Danube, is a flourishing town of about 16,000 inhabitants and the centre of a rich and fertile region. Smedarevo (population 10,000), on the Danube just west of the Morava, is an important grain shipping point and one of the principal wheat markets of Serbia. The town of Vrania with about 15,000 inhabitants is the centre of the Upper Morava valley. In Western Serbia the town of Valjevo (population 10,000) is the principal centre, while Shabats on the Save is also important. There are a number of small towns in Serbia which are developing into fairly considerable manufacturing centres. Such for instance is Leskovatz, on the Morava south of Nish, with a large textile mill; Kragouyevatz, south of Belgrade, the site of the Government arsenal and munition works; Oujitse in Western Serbia, with a textile mill and other industries; Pirot, on the railway line east of Nish, the centre of the domestic carpet industry; and Tchoupria, on the Morava north of Nish, with a large sugar and other factories.

#### COMMERCIAL IMPORTANCE OF SKOPLJE

The city of Skoplje is one of the most important centres in Yugoslavia and has a promising future. Southern Serbia is a rich but largely undeveloped region. Agriculture is very backward owing to the country having been so long under Turkish rule. Less than a third of the arable area is under cultivation. Skoplje is centrally situated at the head of the Vardar and on the main railway line to Salonica. It is the junction for railway lines coming from four directions and is thus directly connected with the principal wheat, rice, opium, beans, fruit and tobacco districts of southern Serbia. It is probable that two-thirds of the trade of this region passes through Skoplje. The exportable products are here collected for shipment to Salonica, while the principal firms importing manufactured goods have their headquarters in the city. With the further development of the resources of Southern Serbia the annual turnover of trade at Skoplje, which before the war amounted to about \$10,000,000, should greatly increase.

Another town of commercial importance in southern Serbia is Bitolj, the former Monastir, with over 50,000 inhabitants. This city is situated in the south-western

corner of Yugoslavia not far from the Greek border. It is connected with Salonica by a line of railway, the greater part of which is in Greek territory. Bitolj is the centre of an extensive and fertile region and is known for the periodical fairs which are held here from time to time. The importance of this city would be greatly increased by the extension of the railway through Albania to the Adriatic following the route of the ancient "Via Egnatia".

The other towns of southern Serbia such as Veles, Prizrend, Prichtina, Mitrovitsa, Shtip and Koumanova, are centres of minor importance.

#### SARAJEVO

The capital and chief distributing centre of Bosnia-Herzegovina is the town of Sarajevo, with 51,000 inhabitants, and picturesquely situated in a narrow valley watered by the Miljacka. This town is chiefly known as the scene of the assassination of the Austrian Archduke Ferdinand and his wife, which led to the Great War. Sarajevo is the central point of the narrow-gauge railway system of Bosnia-Herzegovina which connects at Brod with the main line between Belgrade and Zagreb and which leads to the Adriatic at Metkovitch, Gruz and Zelinika. A branch line also runs east to Visegrad and with the construction of about 30 miles of new railway this line could be extended so as to connect with the narrow-gauge railway of central Serbia. The central position of Sarajevo assures the continuance of its importance as a commercial centre. Before the outbreak of the war the town was being rapidly modernized and has many fine buildings, while still preserving its Oriental appearance.

Mostar on the river Narenta is the business centre of Herzegovina. It is a small town of about 16,000 inhabitants and is situated in a mountainous district. Mostar is on the narrow-gauge railway from Sarajevo to the Adriatic coast, and is about 27 miles from its port, Melkovitch, near the mouth of the Narenta.

Banjaluka is the third largest town in Bosnia-Herzegovina with a population of about 14,800. It lies on the river Vrbas and is the chief town of northwestern Bosnia. South of Banjaluka is the small town of Jajce with carbide and chemical works.

#### CHIEF CENTRES OF DALMATIA

The largest town in Dalmatia is Split (Spalato), with a population of 31,500 and the economic centre of the Dalmatian trade in wine. It lies in one of the few productive regions of Dalmatia, "the Riviera," famed for its wine and insect powder. Split has a fairly good harbour and is connected with the interior by a railway, the main line of which runs up the valley of the Kerka. Extensions have been partly constructed across the Dinaric Alps which will connect this railway with the system of Bosnia-Herzegovina, the Croatian railways and the line from Zagreb to Fiume at Ogulin.

Dubrovnik (Ragusa) is the centre of another of the productive districts of Dalmatia. From the thirteenth century down to 1808 Dubrovnik was an independent republic of great commercial importance, as the word "argosy," i.e. vessel of Ragusa, still bears witness. This republic was also the literary centre of the Serbo-Croatians, when the majority of the race was under Turkish domination. Dubrovnik still has libraries and museums of great value.

The territory on which Dubrovnik is situated is luxuriantly fertile and even the date-palm and the orange tree flourish. It is, however, on shipping and trade that the prosperity of the town chiefly depends. The population still maintain their seafaring traditions and most of the Yugoslav shipping interests are centred in Dubrovnik. The chief harbour is at Gruz (Gravosa), a mile and a half from the town proper. Gruz has an excellent harbour and is the terminus of the narrow-gauge

railway line from Mostar, Sarajevo and Brod, where it connects with the main line from Belgrade to Zagreb. Dubrovnik must therefore be counted as one of the chief ports of Yugoslavia.

Fifty-seven miles north of Split by railway is the town of Sibenik, a town of 10,000 inhabitants situated at the mouth of the river Kerka, for the lower valley of which it is the chief centre. Not far from Split is the little town of Trogir (Trau), which carries on a certain amount of trade in Dalmatian products.

The best natural harbour on the Dalmatian coast is the wonderful Bocche di Cattaro, an inlet of the sea penetrating far into the mainland and bounded by lofty mountains. The only considerable settlement on the Bocche di Cattaro is the little town of Kotor (Cattaro), the port for Cetinje, the capital of Montenegro. Kotor had a prewar population of 7,000. An extension of the narrow-gauge railway from Sarajevo runs to the Bocche di Cattaro at Zelenika near the entrance. The construction of a direct railway from the interior to the Bocche di Cattaro would make Kotor or some other point on the Bocche the chief port of Yugoslavia.

The little town of Metkovitch, situated on the river Narenta not far from its mouth and in the only low-lying part of Dalmatia, is the chief port for imports for Herzegovina. The situation is considered unhealthy and only small coastal vessels can ascend the river as far as the port.

Cetinje, the capital of Montenegro, is a small town of about 5,000 inhabitants, situated 2,100 feet above the sea, and is of little importance commercially. The chief commercial centres of Montenegro are Pofgoritsa (population 10,000), in the only fertile part of this region, and Skadar (Scutari), at the south end of the lake of that name.

The ports on the Montenegrin coast are Bar (Antivari), which is connected with the lake of Skadar by a railway 22 miles in length; Ulcinj (Duleigno), on the coast; St. Giovanni di Medua, near the mouth of the Drin; and Alessio, on the river Drin in Albanian territory.

#### CHIEF PORTS OF YUGOSLAVIA

The chief means of access for imports into Yugoslavia from the countries of Western Europe and North America and the chief outlets for the exportable products of the country are through the ports of Fiume, Trieste and Salonica and by the Black Sea-Danube route. All of these involve the goods in question passing through territory not under the control of Yugoslavia. As we have seen there are several ports on the Yugoslav coast of the Adriatic Sea, but none of these is sufficiently developed to handle any appreciable proportion of the total sea-borne commerce of the country. The principal Yugoslav ports are Dubrovnik, Split, Kotor, Bar and St. Giovanni di Medua. The further development of one or more of these ports is one of the most pressing problems confronting the new state.

Ever since the rise of national consciousness and the formation of Serbia as an independent state, the great aspiration of the Yugoslavs has been for access to the sea. At the outbreak of the war Serbia and Switzerland were the only European countries of importance without a sea-coast. In order to free themselves from the economic domination of Austria-Hungary, the Serbians after 1906 endeavoured to increase their trade with the countries of Western Europe, but were hampered by the lack of a seaport under their own control. There was, however, a great development of the exports of Serbian products through the port of Salonica on the Aegean Sea. After the second Balkan War in 1913, which gave Salonica to the Greeks, the Serbians concluded a convention, whereby they secured the use of a free zone and harbour facilities at this Aegean port. This convention is still in force and Salonica is the chief port for the greater part of Serbia.

#### FIUME (RIJEKA)

A glance at the map will show that the shortest outlets to Western Europe for the products of all parts of Yugoslavia, except Southern Serbia, is not through



Salonica, but through the Adriatic coast. Not only is the sailing distance to Italy or France from Salonica longer than from Adriatic ports, but also the distance from the interior centres is shorter to the Adriatic than to the Aegean. Thus from Belgrade the distance by rail to Fiume is 411 miles as compared with 474 miles to Salonica.

Before the war Fiume was the chief port for both imports and exports to and from southern Hungary, Croatia and Slavonia and northern Bosnia. It is the nearest seaport to the Great Plain of Hungary. The bulk of the timber produced in Croatia-Slavonia and Bosnia was exported through Fiume. The traffic handled at the port developed considerably during the period immediately preceding the war. For instance, the tonnage discharged increased from 1,681,151 tons in 1900 to 2,564,665 tons in 1912. In the latter year imports through Fiume amounted to 879,200 tons, and exports to 1,092,100 tons. The development of the port was in large measure due to the railway line from Zagreb. The town is also connected by railway with the main line from Ljubljana to Trieste.

Fiume is situated at the head of the gulf of Quarnero. The population of the town is approximately 50,000, of which about half are Italians and the remainder Yugoslavs (15,500), Hungarians and Germans. By the Treaty of Rapallo, Fiume is constituted into an independent state with boundaries contiguous to both Italy and Yugoslavia. The latter country is guaranteed facilities in the use of the port. Fiume has two harbours, each protected by a mole. On the west is what is known as the free harbour with a special harbour for petroleum products, and on the east is the Porto Baross with special facilities adapted to the timber trade. Before the war Fiume was one of the principal shipping ports for emigrants to North America, and a large "hotel" with accommodation for 3,000 people is available for this traffic.

#### PRESENT TRADE ROUTES

At the present time the ports of Trieste and Salonica are principally being made use of for shipments to Yugoslavia. Imported supplies for Serbia are mostly shipped through Salonica, and those for the northwestern parts of the country through Trieste. Belgrade draws its supplies through both of these ports. Trieste has good harbour facilities, but is at present very congested owing to the fact that it has to serve as the port not only for Western Yugoslavia, but also for Austria, Hungary and Czechoslovakia. The steep gradient on the railway running out of Trieste is also a disadvantage to the use of this port. Trieste now belongs to Italy and the Italians are anxious to develop the trade of the port.

It takes about three months for shipments to reach Belgrade or Zagreb from Great Britain, when shipped through Trieste. About the same length of time is required to ship goods to Belgrade through Salonica. Owing to the political question it has not been possible to use the port of Fiume for shipments to and from Yugoslavia to any extent since the Armistice. It is hoped that the settlement of this question will now permit traffic through Fiume to be resumed. This would greatly relieve the economic situation in Yugoslavia, for a large quantity of timber and other exportable products cannot be shipped abroad owing to the deadlock at Fiume. Only a relatively small quantity of Yugoslav exports are being shipped through Trieste, so that the bulk of what export is now taking place to western markets is transported through Salonica and Dalmatian ports. The Danube-Black Sea route is the most natural outlet for the grain products of the fertile plains in Northeastern Yugoslavia, but at the present time the lack of available barges and the general disorganization of the Danube river traffic precludes any large quantity of grain being shipped by this route.

#### YUGOSLAV ADRIATIC PORTS

A certain quantity of imported goods are reaching the distributing centres of Yugoslavia by the railway line from the Adriatic through Bosnia-Herzegovina. This

route has been principally organized by a company known as the Yugoslav Express Agency, in which British capital is interested. Two small steamers of 420 and 190 tons respectively are operated by this company between Malta and Metkovitch, at the mouth of the Narenta. At Malta transshipment is made from the regular steamers of the Prince and Moss lines running from the United Kingdom. By this route goods can be shipped from Great Britain to Dalmatia in three weeks. The rail transport to Belgrade or Zagreb normally takes another three weeks, although delays are often incurred owing to the congestion on the line between Brod and Belgrade or Zagreb. This company uses Metkovitch as their port instead of Dubrovnik in order to obviate the expensive rail haul over the mountain after leaving the latter town. This service is limited by the shallowness of the water and inadequate harbour facilities at Metkovitch. The address of the Yugoslav Express Agency, Ltd., at Belgrade is Reljina 2, while the London agents are Hickie, Borman, Grant & Co., Ltd., 14 Waterloo Place, Pall Mall, S.W. 1. Offices are also maintained at Brod, Sarajevo and Metkovitch.

#### STEAMSHIP LINES

There are a number of steamship companies maintaining regular services to Adriatic ports from New York and Great Britain. The Cunard Steamship Company have a monthly service from New York to Trieste, calling at Dubrovnik. In conjunction with the Ellerman Line this company also have regular sailings to and from Great Britain. As soon as conditions warrant, the Cunard Line intend operating regular services to and from Fiume, having especially in view the emigrant traffic to North America.

The Lloyd Triestino, an Italian company, which has acquired most of the fleet of the former Austrian Lloyd, run freight and passenger services between New York and Trieste calling at Dubrovnik when necessary.

The Prince Line also advertise sailings from New York to the Adriatic.

To Salonica there are a number of lines having regular sailings, among which are the Johnston Line fortnightly from Liverpool, Swansea and Antwerp, the Prince line from New York and the Cunard line from Liverpool, Manchester and South Wales ports.

Coastal services between the ports of Dalmatia are provided by a number of companies. Before the war frequent express services were run by the Austrian Lloyd from Trieste and by the Ungaro-Croata from Fiume. The fleet of the former now belongs to the Lloyd Triestino, but they have temporarily discontinued their Dalmatian service. The Ungaro-Croata is being transformed into a Fiume company, having now only a weekly steamer down the Dalmatian coast in addition to local services in the Gulf of Quarnero.

A Yugoslav concern, the Rugusea Steamship Company of Dubrovnik, has bi-weekly sailings from Trieste to Split, Dubrovnik, Kotor and Bar. The service is maintained by two steamers of about 1,000 tons each. Another steamer of this company runs twice a week from Dubrovnik to Bari, Italy. The Ragusea Company is a combination since the war of three shipping companies of Dubrovnik. They have a fleet of twelve steamers, the other vessels of the company being mostly engaged in the Mediterranean trade or carrying cargoes to South America or Great Britain as opportunity offers. This company proposes to purchase three or four modern steamers in order to inaugurate a regular service between Dubrovnik and New York. In this project they are reported to have the support of the Yugoslav Government.

The Dalmatia Company operates small coastal steamers between the ports and islands of the Dalmatian coast. The "Atlantica" is the name of another Yugoslav shipping company. The capital of this concern is 20,000,000 dinars and most of the steamers are at present engaged in Mediterranean trade. The Serbian Lloyd is a newly formed shipping company with two small steamers operating between Dalmatia and Mediterranean ports. At Kotor there has been recently founded the Boca Shipping Company for the coastwise trade.

In addition to the vessels of the companies mentioned, there are a number of small Italian steamers running regularly between ports in Italy and the eastern coast of the Adriatic. The port of Trieste, now in Italian territory, is brought into touch with France, Greece, Tripoli, Spain, Egypt, Constantinople, Black Sea ports, and the Far East by the many regular services maintained by the modern steamers of the Lloyd Triestino.

## V

### Facilities for Trade

In this chapter of the report there will be considered means of internal communication, banking facilities, currency, weights and measures, co-operative societies, chambers of commerce, commercial firms and terms of payment.

#### MEANS OF COMMUNICATION

The greatest need for the consolidation of the new state of Yugoslavia is the construction of new lines to unify the railway system. Those sections of the country which formerly comprised parts of Austria and Hungary are very well provided with railway facilities. Bosnia-Herzegovina and Dalmatia is served by a narrow-gauge system which was sufficient for the local requirements of the prewar period, but is incapable of handling any large volume of through traffic. The railways of Serbia comprise the main line of the Orient railway from Belgrade to Nish, and from thence one line to Tsaribrod, Bulgaria and Constantinople, and the other due south by the Morava and Vardar valleys to the Greek frontier and Salonica. Various branch lines have been constructed radiating from this north to south line, many of which are narrow gauge. The only connection between the railway system of Serbia and that of the recently acquired territories is afforded by the bridge over the river Save at Belgrade. The railway policy of the former Austro-Hungarian Monarchy was to prevent as much as possible intercourse between Serbia and the Serbo-Croatian provinces of the Empire. They also endeavoured by all means to restrict the building of railways connecting Serbia with other countries, since in this way the continued economic dependence of Serbia on Vienna and Budapest was assured. Thus there is no direct line between Serbia and Roumania, and to reach Bucharest from Belgrade by rail it is still necessary to pass either through Hungarian territory at Szegedin or through Bulgaria.

In view of the above considerations the railway map of Yugoslavia resembles that of Switzerland more than that of any other country, with a network of lines in the north and only two or three extensions southwards, but no connecting lines between. Whereas in the case of Switzerland the topographical conformation of the country explains the lack of cross connections, this factor only applies in part to Yugoslavia, the political reasons mentioned being the chief consideration governing the non-existence of such connecting lines. Moreover, the economic interests of the country require full facilities for intercourse between all parts and especially between the interior districts and the seacoast.

Even in the northern districts of Yugoslavia the network of railway lines is not adapted completely to present needs. The railway systems of Austria and of Hungary were centered on Vienna and Budapest and the main lines radiated from these two cities. In the north of Yugoslavia therefore the principal lines run north to south, whereas the readjustment of political boundaries has given rise to a greater amount of east-to-west traffic. Thus the most important line at present is that from Belgrade to Ljubljana by way of Zagreb. A series of what were formerly local or branch lines has to be availed of in operating trains between these two cities, with



the exception of the last forty miles from Ljubljana. An express train in making this journey has to be reversed three times. These are illustrations of the adjustments which will be necessary in order to consolidate the existing railway system of Yugoslavia in a manner adapted to the requirements of the new state.

## EXISTING RAILWAY LINES

The total mileage of the railways already existing in Yugoslavia is 6,304 miles, of which 1,464 miles are narrow-gauge lines. The following table shows the manner in which this mileage is distributed among the various divisions of the country:—

Division	Normal Gauge Miles	Narrow Gauge Miles
The Voivodine.. . . .	1,484	....
Croatia-Slavonia.. . . .	1,592	128
Slovenia.. . . .	770	12
Bosnia-Herzegovina.. . . .	116	896
Serbia proper.. . . .	444	348
Dalmatia.. . . .	84	82
Southern Serbia.. . . .	246	....
Medjumurje.. . . .	82	....
Montenegro.. . . .	22	....
Total.. . . .	4,840	1,464

From the above table it may be seen that only the first three divisions of the country are adequately provided with railway facilities.

Of the total railway mileage exactly half belongs to private railway companies and the remainder is comprised of State-owned railways. The distribution of the private railways among the different parts of the country is as follows:—

	Private Owned Railways Miles
The Voivodine.. . . .	1,186
Croatia and Slavonia.. . . .	994
Slovenia.. . . .	630
Bosnia-Herzegovina.. . . .	226
Medjumurje.. . . .	82
Montenegro.. . . .	22
Dalmatia.. . . .	12
Total.. . . .	3,152

Of the State-owned railways those in Slovenia and Dalmatia formerly comprised part of the Austrian State Railways, while those in Croatia-Slavonia and the Voivodine were part of the Hungarian state system. The Government railways in Bosnia-Herzegovina were administered separately under the Austrian regime. All these lines are now included in the state railways of the Kingdom of Serbs, Croats and Slovenes. All the railways in Serbia, including the line of the Orient railway, are operated by the state.

The most important of the private railways in Yugoslavia is the former Southern Railway (Sudbahn) of Austria-Hungary. This company before the war operated the lines which run from Vienna and Budapest to Trieste. The lines of this company now in Yugoslavia territory therefore include the double track main line from Maribor to the Italian frontier beyond Ljubljana. Eleven miles from Maribor this line is joined by that which comes from Budapest and enters Yugoslavia near the confluence of the Mur and Drave. At Zidani Most a branch of the Southern Railway leads southeast from the main line to Zagreb and from thence to Sisak. This branch now comprises part of the most important railway line in Yugoslavia, i.e., that which

runs from Belgrade to Italy (Trieste) by way of Zagreb and Ljubljana and is the route which is followed by the Simplon Orient Express. The distance from Belgrade to Zagreb is about 270 miles and from Zagreb to the frontier 110 miles.

Another important railway line is that from Zagreb to Fiume, which is a normal gauge line 142 miles long. Over this line passes in normal times the bulk of the imports and exports to and from Croatia-Slavonia and the Voivodine.

The narrow-gauge line through Bosnia-Herzegovina from the Adriatic at Dubrovnik to Brod by way of Mostar and Sarajevo is 348 miles in length. It connects with the main line between Belgrade and Zagreb at Brod, which is 144 miles from the former city and 126 miles from the latter. Between Mostar and Sarajevo part of this line is operated on the rack and pinion system in order to cross the Ivan Mountain. On this account the through traffic capacity of the line is limited.

Mention has already been made of the important normal gauge line through Serbia from Salonica to Belgrade by way of Skoplje and Nish—a total distance of 474 miles. Before the war this line provided Serbian products with their principal outlet to Western markets. At Nish connection is made with the line which branches off to the east and leads through Tsaribrod to Bulgaria and Constantinople.

Another line worthy of mention is that from Belgrade to Subotica (114 miles) through the fertile Bachka and which leads to Budapest. Before the war this was the line followed by the Orient Express.

#### ROADS

There are about 51,160 miles of roads in Yugoslavia. The following table shows how the various parts of the country are provided with roads:—

	Miles
Slovenia . . . . .	7,976
Croatia and Slavonia . . . . .	13,824
Dalmatia . . . . .	2,536
Bosnia-Herzegovina . . . . .	4,702
Voivodine . . . . .	15,954
Serbia and Montenegro . . . . .	6,168
	<hr/>
	51,160

The best roads are those built for strategic purposes by the Austro-Hungarians in Slovenia, Bosnia and Dalmatia. The other roads in these parts of the country, and those in Croatia and the Voivodine are also very good. In Serbia, on the other hand, the roads are mostly in a very bad state. With the exception of the latter part of the country, and on certain of the lesser important roads in Slavonia and the Voivodine, the conditions are excellent for motoring. Motor transport is availed of as the chief means of communication between certain points in Bosnia and Montenegro, e.g. on the road between Kotor and Cetinje, and in view of the disorganization of the railway services is also coming into prominence in other sections of the country.

#### NAVIGABLE WATERWAYS

Yugoslavia is very well provided with navigable waterways. The Danube, the great highway of Central and Southeastern Europe, flows through Yugoslavia from south of the town of Mohacs to below the Iron Gates. It is navigable throughout the whole of this distance and affords the most economical means for the transport to a seaport of the grain and other products of the rich agricultural districts of the Voivodine, Serbia, Croatia and Slavonia. The Theiss or Tisa flows through Yugoslav territory from below Szegedin to its junction with the Danube, just above Belgrade, and is also navigable. The second important navigable tributary of the Danube in Yugoslavia is the Sava (Save), which is navigable from Sisak, about 35 miles below Zagreb, to Belgrade where it flows into the Danube. In the Bachka and the Banat

there are many large canals crossing the plain, especially between the Theiss and the Danube. The river Drave, which flows through Croatia and Slavonia, could be made navigable without a great deal of expenditure. There is also a project for canalizing the Morava and Vardar rivers and in this way constructing a Danube-Salonica canal. The amount of rise on each side is estimated to be about 984 feet, and it would be necessary to build sixty-five locks.

The regulation works at the Iron Gates of the Danube were undertaken during the years 1890 to 1898 by the Hungarian Government. They consisted in blasting away the rocks which impeded navigation on the Serbian side of the river and constructing a canal which renders the Danube navigable from Germany to the Black sea.

The transport services on the Danube and Save rivers are provided by the fleet of the Serbian Navigation Company, which is the principal Yugoslav company engaged in river traffic. This company has a fleet of 18 passenger steamers, 45 tugs and 800 barges, with a total freight-carrying capacity of 300,000 tons. Only a certain proportion of this fleet, however, can at present be operated owing to damages incurred during the war. The British River Syndicate, which has acquired an interest in the principal Austrian, Bavarian and Hungarian companies operating on the Danube, is also reported to have been in negotiation with the Serbian Navigation Company. The Austrian and Hungarian companies also engage in transportation upon the Yugoslav section of the Danube and Theiss rivers. Shortage of coal and difficulties of making repairs have restricted the operations of the Danube navigation companies since the Armistice.

#### PROJECTED RAILWAY LINES

The urgent need for the development of a port in Yugoslav territory and for the consolidation of the existing railway system has been pointed out in the review which has been made of the ports and railway lines of Yugoslavia. Official consideration is now being given to a number of projects for the construction of new railway lines. An American Railway Commission was in the country last year studying the situation and acting in an advisory capacity to the Yugoslav Government. The execution of any one of the projects put forward will bring about a great demand for railway material, the bulk of which must be purchased from abroad.

The solution of the Fiume question has further demonstrated the great necessity for the construction of a more direct line from the northern productive districts of Yugoslavia, to a port on the Adriatic in Yugoslav territory. This has now become one of the chief problems confronting the country. It may therefore be expected that the construction of such a line will be commenced as soon as possible and that every effort will be directed towards its completion.

#### NEW LINES TO THE ADRIATIC

The following are the principal railway projects now under consideration:—

(1) The construction of the short connecting link (30 miles) between the narrow-gauge line in Central Serbia from the Morava valley to Oujitze with the narrow-gauge line from Sarajevo to Vardishte on the Bosnian-Serbian border. This would give a through narrow-gauge connection from Central Serbia to the Adriatic at Dubrovnik.

(2) The extension of the existing narrow-gauge railways to Valjevo from the Save river and the main line from Belgrade to connect with the above-mentioned line between Sarajevo and Vardishte. A connecting link could also be constructed from the Save river to Belgrade. This would then afford a direct narrow-gauge railway from Belgrade to Dubrovnik.

The execution of these two projects does not present insuperable engineering difficulties, while the cost would be comparatively small. It is very probable that



they will be proceeded with within the very near future as presenting the most practicable and inexpensive, although temporary, solution of the problem. This would make Dubrovnik the most important Yugoslav port.

(3) The construction of an entirely new normal-gauge railway from Nish by way of Prishtina, Prizrend and the valley of the Drin to St. Giovanni di Medua or Alessio on the Adriatic near the Albanian frontier. This line would utilize the Great Albanian Gap in the main chain of the Dinaric Alps and would be the shortest possible route from Nish to Central Serbia to the sea. It would provide an excellent outlet for Serbian products. Engineering difficulties would be met with in the building of the central section of this line, but these are not insuperable. This route would have the disadvantage of being in close proximity to Albania.

(4) The building of a direct normal-gauge railway from Belgrade to the Bocche di Cattaro. This could be done by converting the existing normal-gauge lines (projects 1 and 2) or by constructing a new line. This project involves many engineering difficulties and heavy costs, but it has the great advantage of connecting the interior directly with the Bocche di Cattaro, which is the best natural harbour on the Adriatic coast.

(5) As an alternative to projects 3 and 4 a line from Belgrade which would be the same as route 2 as far as the Drina river. It would then follow the valley of the latter river through Montenegro and reach the lake of Scutari (Skadar) by way of Podgoritsa, and thence either to the ports of Bar (Antivari), St. Giovanni di Medua or Alessio or to Kotor.

(6) To connect Belgrade with Split by joining up existing narrow-gauge lines either by way of Sarajevo or a more direct route.

(7) The construction of a port in Yugoslav territory on the gulf of Quarnero to the east of Fiume. For this purpose there has been proposed the little village of Bakar, which is situated on a broad and sheltered bay about eight miles from Fiume. The principal disadvantage to this proposal is the fact that the railway line from Zagreb to Fiume runs at a considerable height above Bakar, and difficulty would be experienced in connecting the harbour with the railway. Failing the execution of such a project as this, Fiume or Trieste must remain the ports for Slovenia and Croatia, for the other existing ports on the Adriatic are too far away from these provinces.

#### OTHER RAILWAY PROJECTS

In addition to the above proposals for connecting the interior with a Yugoslav port on the Adriatic, there are a number of other projects being considered, which have in view the consolidation of the railway system. The more important of these projects are worthy of mention.

(8) The improvement of the present main line from Belgrade to Ljubljana via Zagreb.

(9) The construction of a direct route from Belgrade to Roumania. This line would run east from Belgrade to the Danube below the Iron Gates by way of Pojarevats.

(10) The building of a railway from Bitolj (Monastir) west to the Adriatic at Durazzo or Valona in Albania by way of lake Ohrid. This line would follow the route of the ancient "Via Egnatia" and would provide a direct connection between the Adriatic and Constantinople via Salonica. By extending the present line running southwest from Skoplje to meet this line, the latter city and southern Serbia would have an outlet to the Adriatic through Albania.

(11) The construction of a line through Novi Pazar to connect the existing line from Sarajevo to Varadiste with the line which runs northwest from Skoplje to Mitrovitsa. The construction of such a line would connect Sarajevo and the Bosnian railway system with Skoplje and the Ægean sea at Salonica.

The execution of the above railway projects will necessitate the building of many miles of new line and will take many years to complete. It may be expected, however, that a commencement will be made in the near future on the realization of one or more of these proposals, so that Canadian firms should carefully follow railway developments in Yugoslavia with a view to being prepared to take advantage of the opportunity to supply part of the large quantity of materials and equipment which will be required.

#### STATE OF RAILWAY TRANSPORT

The present conditions of railway transport in Yugoslavia are very poor and the main lines are congested with goods. This is one of the chief obstacles to the economic recovery of the country. The railways are also not able to adequately handle the surplus agricultural products available for export. The chief trouble is not so much lack of rolling stock as the general disorganization consequent upon the war. Strikes both on the railways and the coal mines have also seriously interfered with the operation of the railways during the past year.

The railway line through Serbia along the Morava and Vardar valleys was seriously damaged during the retreat of the Austro-German-Bulgarian armies in 1918. It is greatly to the credit of the Serbian railway engineers that this line has been repaired sufficiently to permit of the operation of trains. Practically all the station buildings, tanks, railway shops and signal towers were blown up by the enemy; every bridge was destroyed from the Salonica front to the Danube, including that over the Save at Belgrade. These bridges have now been replaced by temporary structures so as to permit of the running of trains, but it will be several years before the damage done can be completely made good. The operation of trains over this line is thus of necessity still very slow and the traffic capacity greatly limited. By the terms of the Peace Treaty Germany has to refund to Serbia the material and equipment for repairing the bridges and other damage done during the war.

Yugoslavia has a sufficient amount of rolling stock for the needs of the country, but the greater part is badly in need of repair. Difficulty has been experienced in obtaining the return of the locomotives taken by the Bulgarians during the war, but this matter is now reported to have been adjusted. Altogether there are about 2,000 locomotives in Yugoslavia, of which only a small proportion are in good working order. A contract for the repair of locomotives has recently been concluded with Austria. The Ministry of Communications was also reported to have been in negotiation with an American firm for the supply of 100 new locomotives. Nothing apparently has resulted from these negotiations. The number of railway cars, both passenger and freight, are also sufficient for the needs of the country. Many cars are now being repaired at the railway workshops at Zagreb. The erection of other large machine and repair shops is being considered as a means of putting the rolling stock of the country into workable condition.

The reorganization of railway transport is essential to the development of the export trade of Yugoslavia. The replacement of temporary bridges by permanent structures, the rebuilding of damaged stations and workshops, and the provision of new repair shops will result in a demand for materials and equipment imported from abroad. It is also believed that in a few years Yugoslavia will require to place orders for additional rolling stock in order to cope with increased traffic.

#### BANKING FACILITIES

Yugoslavia is well provided with a great number of small local banks or credit institutions, but there are comparatively few large commercial banks with connections in foreign countries and which are in a position to finance foreign trade. This affords a striking contrast with the banking situation in Roumania and Bulgaria, where strong and influential financial institutions have been developed during the

last twenty years, largely with the help of foreign capital. The contrast may be in part explained by the large extent to which the commerce and credit facilities of Serbia were controlled by Austria-Hungary, while in those parts of the country which belonged to the now defunct Empire the greater part of the trade was naturally financed by the large banking institutions of Vienna and Budapest, these cities being the financial centres for the whole monarchy. There were in Zagreb, however, a number of influential Croatian banks and some of these are now extending their connections to cover the whole country. Certain of the local banks in other centres are also of considerable size and have taken some part in the financing of foreign trade. In Serbia there were before the war only two or three native commercial banks of importance, but their number is now being added to by the formation of new banks and by the establishment of branches of foreign and of the Croatian banks referred to.

Most of the banking institutions in Yugoslavia, including the small local banks, do not confine their operations to the granting of credit, but also engage extensively in commerce and industry. They not only trade on their own account but also promote and manage industrial and other undertakings. This tendency may be observed in nearly all South-East European countries, but is especially noticeable in Yugoslavia owing to the undeveloped state of commercial banking.

#### OPENINGS FOR A CANADIAN BANK

In view of the comparatively few native banks of importance and taking into consideration the great possibilities for the future development of Yugoslavia, there would appear to be a good opening for the establishment of branches of a Canadian bank in this country. Since the war only two foreign banks have established branches in Yugoslavia. These are the British Trade Corporation and the Prague Credit Bank (Czecho-Slovak), both of which have located branches at Belgrade. The writer has visited all the countries of South-East Europe, but Yugoslavia is the only one which in his opinion offers an opening for a Canadian bank. There is room for a commercial bank conducted on up-to-date lines in Belgrade, Zagreb, Skoplje, Sarajevo and possibly also in Dalmatia, while branches might also be opened in connection with Yugoslav trade in Salonica and Fiume, especially the latter. An important factor in connection with the establishment of branches of a Canadian bank in Yugoslavia would be the issuance of cheques to emigrants. Zagreb is one of the chief European centres of emigration to North America and Fiume one of the principal ports of embarkation. From all parts of Yugoslavia, except Serbia proper, there has been a considerable emigration to North America.

#### THE NATIONAL BANK

The National Bank of Serbia was before the war the central banking institution of the country with the sole right of note issue. On February 1, 1920, this bank was transformed into the National Bank of the Kingdom of the Serbs, Croats and Slovenes. The National Bank is a semi-Government institution and half the profits go to the State. One of the principal objects of the bank is to regulate and strengthen the currency system of the country. For this purpose it has the sole right of issuing bank notes, which are declared legal tender for the whole country. These may be put into circulation up to the total value of three times the metal stock of the bank. The convertibility of the notes is now suspended by one of the provisional regulations. The bank will exchange for its own permanent notes within a period of three years the temporary notes which were issued by the State for the purpose of replacing the crown notes of the Austro-Hungarian Bank.

The capital of the National Bank is 50,000,000 gold dinars. Among the facilities given by the bank of the State are: (1) the discounting of Treasury bonds up to the



amount of 150,000,000 dinars at the rate of 2 per cent per annum; (2) the State may borrow from the bank a sum in notes not exceeding 600,000,000 dinars without paying any remuneration to the bank, but against certain securities; (3) for reconstruction purposes the bank will open an extraordinary credit in favour of the Government to the extent of 500,000,000 dinars against Treasury bonds and without interest. The National Bank may issue notes in the execution of these facilities and for the purpose of exchanging the crown notes in addition to the amount of notes which it is entitled to issue on its own account.

The head office of the National Bank of Yugoslavia is at Belgrade. The bank has taken over those branches of the Austro-Hungarian Bank, the state bank of the former empire, which are now in Yugoslavia. There are therefore branches of the National Bank at Zagreb, Skoplje, Ljubljana, Sarajevo, Subotica, Split, Bitolj, Maribor, Nish, Novi Sad, Osijek, Mostar, Banjaluka (Bosnia), Cetinje, Zemun, Pancevo, Varazdin and Veliki Bechkerek.

#### LEADING PRIVATE BANKS

It has already been pointed out that there are comparatively few large commercial banks in Yugoslavia. Among the private banks there may be first of all mentioned the Banque Franco-Serbe. This is a French institution with capital of 20,000,000 francs. The head office is at Paris and the central office for Yugoslavia at Belgrade. The bank has branches at Zagreb, Bitolj, Skoplje and Salonica. The Banque Franco-Serbe has also an office at London. This bank conducts all operations of commercial and foreign banking.

The Royal Privileged Serbian Bank for Exportation (Izvozna Banka) is a private institution supported by the state and formed chiefly, as its name indicates, for the encouragement of Serbian export trade. The head office is located at Belgrade. The bank has a paid up capital of 5,000,000 dinars and reserves of 1,200,000 dinars. It transacts all banking operations, while the commercial department of the bank deals mainly in the export of Serbian products on its own account and on a commission basis.

A branch of the British Trade Corporation of London was opened at Belgrade last year with a capital of 5,000,000 dinars. The purpose of the establishment of this branch is to facilitate trade between Great Britain and Yugoslavia. The bank opens credit in pounds sterling for three, six, or twelve months against deposits in dinars by merchants ordering goods from Great Britain.

The Croatian banks are the most enterprising and influential of the native Yugoslav banks. The three most important banks in Zagreb are the Prva Hrvatska Stedionica (First Croatian Savings Bank); the Jugoslavenska Banka d.d. (Bank of Yugoslavia, Ltd.), formerly the Hrvatska Zemaljska Banka (Croatian Land Bank); and the Hrvatska Eskomptna Bank (Croatian Discount Bank). The first two banks have a larger sphere of interest, but the third is considered the soundest and most conservative of the Croatian banks. The latter confines itself principally to banking operations, while the first two have also extensive commercial and industrial connections.

The Prva Hrvatska Stedionica is one of the oldest banks in Croatia, having been founded in 1846. The paid-up capital is 60,000,000 crowns and the reserves 130,000,000 crowns. It is one of the most enterprising banks in Yugoslavia and has the largest number of branches. Besides the main office at Zagreb and branches at Belgrade and Fiume, the bank has 30 other branches throughout the chief centres of Croatia, Slavonia and the Voivodine.

The Jugoslavenska Banka is another enterprising Croatian institution with capital of 100,000,000 crowns and reserve of 98,000,000 crowns. This bank was formerly the Croatian Land Bank. Besides the head office at Zagreb and branches at Belgrade and Subotica, the Jugoslavenska Banka has eight other branches in Croatia and Slavonia. The commercial department of the bank is located at Zagreb with

representatives in Belgrade, Sarajevo and Ljubljana, as well as in New York. They are the agents in Yugoslavia for several large American export corporations. They also do a considerable import and export trade on their own account.

The Hrvatska Eskomptna Banka is a well-managed institution founded in 1868. The paid-up capital is 70,000,000 crowns and the reserve 100,000,000 crowns. The head office of the bank is at Zagreb and there are four branches in Croatia-Slavonia. The Hrvatska Eskomptna Banka is largely interested in the timber industry.

An important bank which has lately established its head office at Zagreb is the Jadranska Banka (Adriatic Bank), with branches at Belgrade, Trieste, Ljubljana, Maribor, Celje (Slovenia), and the important centres on the Adriatic coast, such as Split, Dubrovnik, Sibenik, Kotor, Zadar and Metkovich. This bank was formerly an Austrian institution with head office in Vienna, but has now been transformed into a Yugoslav bank. It promises to become one of the leading banks of the country.

Another Zagreb bank which may be mentioned is the Narodna Banka d.d. (National Bank Ltd.), which must be distinguished from the National Bank of Yugoslavia, the state bank. The National Bank of Zagreb has branches at Dubrovnik, Shabats and Vrshats, and affiliated banks at Brod and Split. The paid-up capital is 50,000,000 crowns and the reserve 8,000,000 crowns. The bank has also a commercial department and is interested in the timber industry.

There has recently been established at Zagreb by the Croatian-Slavonian Agricultural Co-operative Society, the Croatian Vine Growers' Co-operative Society and the Zageb Co-operative Society for the Production of Seeds, a co-operative bank with a capital of 100,000,000 crowns. This bank is to be known as the Sredisnja Zadružna Banka d.d. (Central Co-operative Bank), and will be chiefly for financing the co-operative societies and organizing the sale of the agricultural products of Croatia-Slavonia, Bosnia and Dalmatia.

Other Zagreb commercial banks are the Central Eskomptna i Mjenjacena Banka (Central-Discount and Exchange Bank), Hrvatska Trgovinska Banka (Croatian Commercial Bank), the Hrvatska Sveopća Kreditna Banka (Croatian Trading Bank), while the banks with branches in Zagreb are the Banque Franco-Serbe, the Srpska Banka (Serbian Bank) of Belgrade, and the Wiener Bank-Verein of Vienna.

In Belgrade, besides those already mentioned, the most important banks are the Jugoslavenska Trgovacka Banka (the Yugoslav Commercial Bank), the Prometna Bank (Bank of Communications), the Privredna Banka (Bank of Economy), and the Srpska Banka (Serbian Bank). The branches at Belgrade of the Prva Hrvatska Stedionica, the Jugoslavenska Banka d.d., the Jadranska Banka have been referred to above. There is also the branch of the Prague Credit Bank, a leading Czechoslovak bank, which has recently been opened. The Banque Russo-Slave has been established at Belgrade by a group of wealthy Russians living in Paris. The Srpska Trgovacka Banka (Serbian Commercial Bank) of Skoplje have also a branch at Belgrade.

Among other banks at Belgrade which may be mentioned are Beogradska Trgovacka (Belgrade Commercial Bank), the Balkanska Kreditna Banka (the Balkan Credit Bank), Beogradska Zadruga d.d. (Belgrade Co-operative Society), Beogradska Banka (Belgrade Bank), Banque Hypothecaire de France, Zemalska Banka (Land Bank), Hipotekarna Banka (Hypothecary Bank), Eskomptna Banka (Discount Bank), Industrija Banka (Industrial Bank), Mesarska Banka and the Banka Slavia. Most of these are small institutions of purely local importance.

At Skoplje most of the foreign banking business is transacted by the branch of the Banque Franco-Serbe. The most important local bank is the Srpska Trgovacka Banka (Serbian Commercial Bank). There is also a branch of the Zemalska Banka of Belgrade and a number of local banks.

There are two important Slovene banks with head offices at Ljubljana. The Ljubljanska Kreditna Banka (Ljubljana Credit Bank) has a paid-up capital of 30,000,000 crowns and reserve of 20,000,000 crowns. It has branches at Sarajevo,

Split, Trieste, Maribor, Celje, etc. The other is the Slovenska Eskomptna Banka (Slovene Discount Bank), which has close relations with the Hrvatska Eskomptna Banka. There is also a branch of the Jadranska Banka at Ljubljana.

Two leading Bosnian banks at Sarajevo are the Srbska Privredna Banka (Serbian Economic Bank) with capital paid up of 10,000,000 crowns, and the Privilegovana Zemaljska Banka (Privileged Land Bank) for Bosnia-Herzegovina, with a paid-up capital of 20,000,000 crowns and reserves of 13,000,000 crowns. The latter has branches and agencies throughout Bosnia-Herzegovina.

In Dalmatia the Jadranska Banka has branches in all the important centres. At Fiume the Savings Bank of the Litoral is an important Croatian institution. The Ljubljanska Kreditna Banka has a branch at Split and the Nadrodna Banka of Zagreb has a branch at Dubrovnik and is represented at Split by its affiliation, the Jugoslavenska Industrijska Banka (Yugoslav Industrial Bank). At Dubrovnik the most important local banks are the Dubrovačka Trgovacka Banka (Dubrovnik Commercial Bank) and the Pomorska Banka (Maritime Bank). The latter engages in import and export and also handles shipping agencies.

#### CURRENCY

The currency of Yugoslavia is not inflated to the same extent as in other countries of South-East Europe. Since Serbia was occupied by the enemy for three years during the war, the Government had neither the need nor the opportunity to inflate the currency by large issues of paper money. The present total circulation of bank notes is a little over 2,000,000,000 dinars, which is considerably less than that of any other South-Eastern European country, except Greece. This explains largely why the Yugoslav exchange is higher than the Roumanian or Czecho-Slovak.

Before the war Serbia had a monetary circulation of 50,000,000 dinars in silver, nickel and copper coin and 60,000,000 dinars in bank notes, fully covered by a metallic reserve. The par value of the dinar was approximately 19.3 cents or the same as the French franc. The dinar is divided into 100 paras. During the war the circulation of bank notes was increased from time to time, but up to 1918 these paper issues were entirely covered by the gold reserve or assets held abroad. This cannot be said of any of the other countries involved in the war as long as Serbia. The National Bank of Serbia may be said to have issued less paper money than the state banks of other belligerent countries.

After 1918 the circulation of paper money was added to by issues uncovered by any metallic reserve, until at the end of 1919 the National Bank had 644,007,460 dinars of paper money in circulation, with a cover in metal amounting to 82,483,006 dinars and assets held abroad amounting to 351,995,612 French francs.

#### REDEMPTION OF CROWN NOTES

At the beginning of the year 1920 the Yugoslav Government initiated the difficult task of redeeming the crown notes of the Austro-Hungarian Bank circulating in those parts of the country which belonged to the former Monarchy. It was also necessary to redeem the Austrian and Bulgarian notes introduced into Serbia and Montenegro during the military occupation.

In accordance with the provisions of the Peace Treaties, the Yugoslav Government stamped the Austro-Hungarian notes circulating in its territory. At the time of the stamping the total amount of notes in circulation was reduced by a forced loan of 20 per cent of the value of the notes submitted to be stamped. It was then decreed that all stamped notes would be exchanged for a new issue of temporary crown-dinar notes of the Ministry of Finance at a fixed rate of 4 crowns to 1 dinar. This order was put into execution in Serbia and Montenegro early in February, 1920. The conversion in the other provinces was then proceeded with and the whole operation completed before the end of March, 1920. Ten, two and one crown-notes were left in circulation, owing to the difficulty of providing a sufficient quantity of



new notes of small denomination. The conversion of the Austro-Hungarian bank notes added approximately 1,500,000,000 dinars to the total circulation of paper money in Yugoslavia.

The temporary notes given in exchange for the crowns will be replaced within three years by permanent notes of the National Bank. For this purpose an order for the printing of new notes has recently been placed with an American company.

There remains to be converted, in order to completely unify the currency, the Montenegrin perpers to the gross value of 17,653,734 perpers. The Government proposes to exchange these perper notes for dinars at par up to 5,000 perpers and beyond that amount at the rate of 2 perpers to a dinar. This operation will probably be undertaken in the near future.

#### CROWNS AND DINARS

Although the Austro-Hungarian notes have been converted into crown-dinar notes, the crown still remains the principal unit of value in those parts of Yugoslavia formerly belonging to Austria-Hungary. Prices are quoted usually in crowns, although payment is effected in crown-dinar notes at the fixed rate of 4 crowns to 1 dinar. All crown-dinar notes show the denomination of the note in dinars, but the corresponding value in crowns is superimposed on each note.

#### WEIGHTS AND MEASURES

The metric system of weights and measures is used throughout Yugoslavia and firms quoting or sending catalogues to this country should take care that all weights and measures are expressed in the units of that system.

#### CO-OPERATIVE SOCIETIES

Co-operative societies are an important medium for the distribution of agricultural implements and other articles required by the peasantry of Yugoslavia. Canadian exporters desirous of doing business with this country should therefore keep in touch with the principal unions of agricultural co-operative societies since they handle a considerable proportion of the total requirements of the agricultural population.

The co-operative movement has undergone a remarkable development in Yugoslavia. This has been the case in nearly all Slav countries, where peasants form the majority of the population. Serbia, being a country of small peasant proprietors, has proved an excellent field for the growth of co-operative societies. In Croatia-Slavonia, Bosnia, etc., during the Austro-Hungarian regime, the co-operative societies served to keep alive the national consciousness of the Yugoslavs at a time when all meetings of a political nature were prohibited. It is estimated that before the war there were on the territory now comprising Yugoslavia 3,890 Slav co-operative societies with 447,060 members, 390 Hungarian co-operative societies with 113,000 members, and 130 German societies with 52,000 members—a total of 4,410 societies and 622,060 members. These co-operatives were of various kinds, including societies for credit facilities, mutual help, consumers' societies, societies for the disposal of agricultural products, vine-growers' societies, etc. In Yugoslavia there may also be observed the same tendency which prevails in Russia and other Slav countries. The co-operative societies join together to form district unions and federations of unions. Through these unions the peasants dispose of a large part of their produce and purchase in exchange the implements and other articles which they require.

All the leading agricultural co-operative unions of Yugoslavia have recently formed a Central Federation of Co-operative Unions to represent their collective interests. This federation has its headquarters at Resavska ulica br. 15, Belgrade. Through the federation offers for the sale of goods can be submitted to the individual unions. These unions purchase goods on their individual resources and on the collective responsibility of their members. At the present time the co-operative

unions lack the necessary funds for the purchase of goods from abroad, chiefly on account of the difficulties of exporting to foreign countries the agricultural and other products which they have for disposal. None of the co-operative agricultural unions are guaranteed or supported by the Government, the whole movement having developed without State assistance.

The Federation of Co-operative Unions is comprised of twelve separate unions with a total of 3,568 individual societies, representing the agricultural interests in various parts of the country, as follows:—

1. Savez Srpskih Zemljoradnickih Zadruga—(Union of Serbian Agricultural Co-operative Societies)—Resavska Street No. 15, Belgrade.
2. Hrv. Slav. Gospodarsko Drustvo Kao sred. Zadruga—(Croat-Slavonian Agricultural and Central Co-operative Society)—Wilsonov Trg. No. 2, Zagreb.
3. Sredisnji Savez Hrvatskih Seljackih, Zadruga—(Central Union of Croatian Rural Co-operatives)—Preradoviceva Street No. 5, Zagreb.
4. Savez Srpskih Zemljoradnickih Zadruga—(Union of Serbian Agricultural Co-operative Societies)—Preradoviceva Street No. 18, Zagreb.
5. Hrv. Slav. Gospodarsko Drustvo—(Croat-Slavonia Agricultural Society)—Osijek.
6. Savez Srpskih Zemljoradnickih Zadruga (Union of Serbian Agricultural Co-operative Societies)—Sarajevo.
7. Savez Hrvatskih Seljackih Zadruga (Union of Croatian Rural Co-operatives)—Sarajevo.
8. Zadružna Zveza u Ljubljana—(Co-operative Union)—Ljubljana.
9. Zveza Slovenskih Zadruga—(Union of Slovenian Co-operative Societies)—Ljubljana.
10. Zadružna Zveza—(Co-operative Union)—Celje, Slovenia.
11. Zadružni Savez—(Co-operative Union)—Split, Dalmatia.
12. Savez Srpskih Privrednih Zadruga na Primorju—(Union of Serbian Economic Co-operative Societies for the Coast)—Dubrovnik, Dalmatia.

The above are the unions comprising the Federation of Co-operative Unions, and they include the principal societies distributing goods among the agricultural population. In this connection there may also be mentioned the Serbian Agricultural Society, Nemanjina Street No. 11, Belgrade. This is a society formed on the co-operative principle for the improvement of agricultural methods in Serbia. Ploughs and other implements are distributed through this society. A similar organization is the Kmetiska Družba (Agricultural Society) of Ljubljana. The other co-operative societies in Yugoslavia are mostly producers' societies for the disposal of produce and credit societies. An example of the former is the co-operative society of Croatian vine growers at Zagreb.

The Union of Serbian Agricultural Co-operative Societies is the most important peasants' co-operative organization in Serbia, comprising 970 individual societies with a membership covering the whole country.

The Croat-Slavonian Agricultural and Central Co-operative Society is a very important and influential organization embracing 299 societies with a total of 66,000 members. This society includes not only peasants, but also medium and large estate owners. It is the chief founder of the Central Co-operative Bank, recently established at Zagreb with a capital of 100,000,000 crowns.

The two principal unions of peasants' co-operatives in Croatia are the Central Union of Croatian Rural Co-operatives and the Union of Serbian Agricultural Co-operative Societies of Zagreb. The former is composed of 372 societies with a total of over 60,000 members. The latter is a union of 396 societies chiefly composed of Serbian-speaking members.

The Croat-Slavonian Agricultural Society of Osijek includes 173 individual societies with a total membership of about 29,000 peasants and larger landowners throughout Slavonia and the Voivodine.

In Bosnia-Herzegovina the Union of Serbian Agricultural Co-operatives is composed of 207 societies, while the Union of Croatian Co-operatives counts 77 societies with a total of about 11,500 members. The latter union is comprised chiefly of Roman Catholic Croatian-speaking members and the former of Greek Orthodox Serbs.

The Co-operative Union of Ljubljana has 492 societies, the Union of Slovenian Co-operatives 120 societies, and the Co-operative Union of Celje 146 societies. These are the three leading co-operative unions in Slovenia.

On the Dalmatian coast there are two important co-operative unions, the Co-operative Union of Split with 256 societies, and the Union of Serbian Economic Co-operatives for the coast at Dubrovnik with 60 societies and a total membership of about 2,500.

Nearly all of the above co-operative unions would be interested to receive quotations and other particulars from Canadian exporters of all kinds of agricultural implements and machines, small unit flour mills (roller process), and other articles required by the peasants and agriculturists of Yugoslavia.

#### CHAMBERS OF COMMERCE

The following is a list of the Chambers of Commerce and Industry corresponding to Canadian Boards of Trade, Manufacturers' Associations, etc., at present established in Yugoslavia:—

Belgrade.—Chamber of Commerce; Chamber of Industry.

Zagreb.—Chamber of Commerce and Industry; Federation of Croatian and Slovene Industries.

Ljubljana, Sarajeno, Skoplje, Osijek, Novi Sad, Split, Dubrovnik.—There is a Chamber of Commerce and Industry established at each of these centres.

The above organizations are prepared to give information and particulars concerning commercial and industrial conditions in Yugoslavia.

#### COMMERCIAL FIRMS

A list of the principal importing firms of Yugoslavia is being prepared and will be forwarded to the Department of Trade and Commerce, Ottawa, for the use of Canadian exporters desirous of developing business with this market. There is a marked absence in Yugoslavia of large importing houses, with various departments for different lines of trade, such as are prominent in other Near Eastern markets. This may be in large measure explained by the degree to which practically the whole territory of Yugoslavia was commercially dependent on Budapest and Vienna before the war. The Austro-Hungarian distributing firms regarded Serbia as an adjunct of their home territory, and their travellers after visiting centres in the Voivodine, Croatia-Slavonia, etc., would pass on to Serbia. Thus in the agricultural machinery trade the Serbian market was worked almost entirely from Budapest.

The existing commercial firms in Yugoslavia are therefore mostly dealers in particular lines. Since the war there have been founded a number of import and export houses, while many commission agents have also commenced business. In Zagreb the organization for the distribution of imported supplies by means of travellers, etc., is more developed than in Belgrade. The small dealers in the minor towns of Serbia come principally to Belgrade for the purchase of supplies, whereas in those parts of the country that were formerly Austro-Hungarian, trade is conducted on more developed lines. There are, however, many dealers in Belgrade that carry large stocks and have a considerable turnover. Canadian firms should therefore not neglect to seek connections in both of these two leading business centres of Yugoslavia.

The Dalmatian coast centres are also worthy of the attention of Canadian export houses, since the larger importers in such towns as Dubrovnik and Split purchase



direct from foreign countries. Moreover, since Dalmatia is more accessible from the sea than from the interior, the chances of Canadian firms being able to compete with exporters in Central European countries are greater than is the case in other parts of Yugoslavia.

#### BRITISH FIRMS

There are comparatively few British and American trading firms established in Yugoslavia. A leading British house doing business with the Near East have branches at Belgrade, Zagreb, and Salonica. They do a general import and export business, but especially in textiles and motor cars from Great Britain. Two other concerns are represented in Yugoslavia by a joint agent with offices at Belgrade and



Central Square at Belgrade.

Zagreb. In the latter centre a close working connection has been formed with a local Croatian concern. In Belgrade a British firm of commission agents and general representatives has been formed. This firm is interested in forming connection with Canada for railway material, motor cars, implements and machinery, etc. A Britisher has started in business on his own account at Zagreb. (The names and addresses of the British firms referred to may be obtained by interested Canadian firms on application to the Department of Trade and Commerce, Ottawa, on quoting file T.C.-1-194.) There are no American trading firms established at Zagreb, but Messrs, Hitchcock, Lloyd & Company, of New York, have a branch for general representation at Belgrade.

#### TERMS OF PAYMENT

The above outline of the importing firms in Yugoslavia will indicate that the majority are dealers with limited resources who have a fairly considerable turnover on a relatively small amount of capital. Yugoslav importers are therefore not as a rule in a position to open a letter of credit or meet terms cash f.o.b. Canadian point. A deposit in dinars and payment upon arrival of the goods has been the basis upon which most of the business has been transacted with Yugoslavia since the Armistice. It is, however, in many lines becoming increasingly difficult to obtain business even on these terms and the competition of Czecho-Slovak, German, and

other exporters is leading to the granting of credit, to which the merchants were accustomed before the war. At the present time reliable Yugoslav importers desire from three to six months' credit against the furnishing of satisfactory bank guarantees. Information concerning the status of firms in Yugoslavia may be obtained from the British Trading Corporation, Banque Franco-Serbe, and the other principal banking institutions mentioned in this chapter of the report. Canadian firms desirous of forming business connections in Yugoslavia or of appointing representatives to act for them on a commission basis should apply to the Department of Trade and Commerce, Ottawa, for the list of principal Yugoslav importers.

## VI

### Openings for Canadian Trade with Yugoslavia

The present is not a very opportune time for an investigation into the openings for Canadian trade with Yugoslavia. The trade depression which is general throughout the principal markets of the world applies also to Yugoslavia, and comparatively little business is now being transacted with Western European and North American countries. Present rates of exchange make it almost impossible for Canadian goods to compete with the products of European countries such as Germany, Czechoslovakia and Austria. The disorganization of transport within Yugoslavia also tends to favour the trade of the countries just mentioned. Under these circumstances it is very difficult to accurately gauge the future prospects for introducing Canadian goods into this market. There are undoubtedly certain Canadian specialties, which could be introduced with success into the Yugoslav market, but the possibility of Canada being able to compete in particular lines of trade cannot properly be judged at the present time. It is therefore only possible to briefly indicate the principal openings in which it is thought there might be opportunities for Canadian trade in the future.

#### RAILWAY MATERIAL

One of the most important lines of trade in which there should be a good opportunity for business with Yugoslavia in the future is undoubtedly railway material of all kinds. The great need for the construction of new railway lines was pointed out in the last chapter of this report. The execution of only one of the railway projects now being considered, e.g., the construction of a normal gauge line to the Bocche di Cattaro, would lead to a demand for steel rails and other railway construction materials. For a long period there was an American Railway Commission in Yugoslavia acting in an advisory capacity to the Government. This commission left last year, but it is understood that a syndicate is being formed by interested American firms with a view to making proposals to the Yugoslav Government for the supply of railway material.

United States and Canadian individual firms have also been negotiating for the sale of locomotives and railway cars to Yugoslavia, but nothing has so far resulted owing to the difficulties of making the necessary financial arrangements. It has also been found more practical and economical to have locomotives repaired in Austria and other countries than to place orders for new engines. In a few years the increased traffic will necessitate the purchase of additional rolling stock of all kinds.

A certain amount of railway material was obtained from the surplus allied war stocks at Salonica.

While the Yugoslav Government have not yet intimated the particulars of their requirements for railway material and rolling stock, they are prepared to consider any proposals which provide for a solution of the financial and exchange difficulties involved.



## AGRICULTURAL MACHINERY

The review of agricultural conditions given in Chapter I of this report indicated that the greatest demand for agricultural machines in Yugoslavia is in the districts north of the rivers Save and Danube. The smallness of the holdings in Serbia and Montenegro has greatly restricted the use of farm machinery, while in Bosnia-Herzegovina the conditions of agriculture are too primitive. Agricultural machines were distributed before the war by Budapest houses throughout the Voivodine and Croatia-Slavonia, while in Slovenia the trade was largely handled from Vienna. It was in the first-named provinces that the greatest number of machines were sold, so that Budapest controlled the greater part of the prewar trade in agricultural machines on the present territory of Yugoslavia. Zagreb, however, has always been an important subsidiary centre, and there are a number of agricultural machinery dealers located there, who are now preparing to handle the distribution of imported machines throughout the former Austro-Hungarian provinces of Yugoslavia.

At the present time the trade in agricultural machines is practically at a standstill on account of (1) the high cost in Yugoslav currency of imported machines; (2) the uncertainty regarding the agrarian question and the division of the landed estates. Owing to the high prices in dinars and crowns of the machines imported from other countries, the farmers are learning to do without machinery to a greater extent than before the war. The uncertainty as to whether they will retain possession of their estates makes the large landed proprietors reluctant to invest money in farm equipment. These estate owners have been the largest users of agricultural machinery, and before the war they purchased a considerable proportion of the total number of machines sold.

On the other hand an increasing number of inquiries for agricultural machines are being received from the farming districts, especially from the wheat-growing sections of the Voivodine and Croatia-Slavonia, and it is evident that the shortage of machines is beginning to make itself felt. The co-operative societies reviewed in the last chapter are the most active at present in endeavouring to arrange for the importation of agricultural machines abroad. The leading dealers in Zagreb are also commencing to seek connections for the supply of new machines. The question of finance, however, is a serious obstacle to business in agricultural machinery at the present time.

In Serbia the future of the trade in agricultural machinery depends in large measure on the success with which the co-operative societies can induce the small peasant proprietors to co-operate together in the use of machinery. The co-operative societies are also preparing to play an important part in the distribution of agricultural machinery in other divisions of the country. Canadian firms interested in this trade should therefore consult the particulars with reference to the co-operative societies of Yugoslavia given in the last chapter. The names and addresses of some of the leading private dealers in agricultural machinery in Zagreb are on file at the Department of Trade and Commerce, Ottawa, and may be obtained by interested Canadian manufacturers on application.

With respect to the trade in ploughs, scythes, sickles, hay-forks, spades and other agricultural implements as distinct from that in more complicated agricultural machines, it should be pointed out that the former are often retailed, especially in Serbia, by the hardware dealers in the towns and villages. Firms interested in these lines should therefore get in touch with importers of general hardware in addition to agricultural machinery importers. The names of the leading hardware firms in Yugoslavia are given in the list of importers which has been forwarded to the Department of Trade and Commerce, Ottawa.

Manufacturers in Czecho-Slovakia and Germany are now beginning to offer agricultural machines to importers in Yugoslavia on favourable terms and at prices below the quotations of other countries. Some machinery ploughs and a quantity



of farm implements have recently been purchased from Czecho-Slovakia and it is reported that orders for ploughs are to be placed in Germany.

*Harvesting Machines.*—The present territory of Yugoslavia chiefly drew its supplies of harvesting machines before the war from the United States and Canada. The Hungarian State Railroads of Budapest also sold machines of their own manufacture. Some American machines have been introduced since the armistice by the American Relief Commission, but otherwise little trade has been done in binders, reapers or mowers of United States or Canadian make. Czecho-Slovakia is reported to have sent seed drills and harrows to Yugoslavia. The trade in spare parts is also being largely supplied by German, Czecho-Slovak and Hungarian firms, who manufactured parts on a large scale during the war in order to keep the existing machines in working order.

Owing to the relative shortage of draught animals, the requirements of the Yugoslav market call for harvesting and other agricultural machines of fairly light weight. Thus the five-foot binder capable of being drawn by two horses is the most in demand. Oxen, and in some parts of the country buffaloes, are extensively used as beasts of burden and for farm operations.

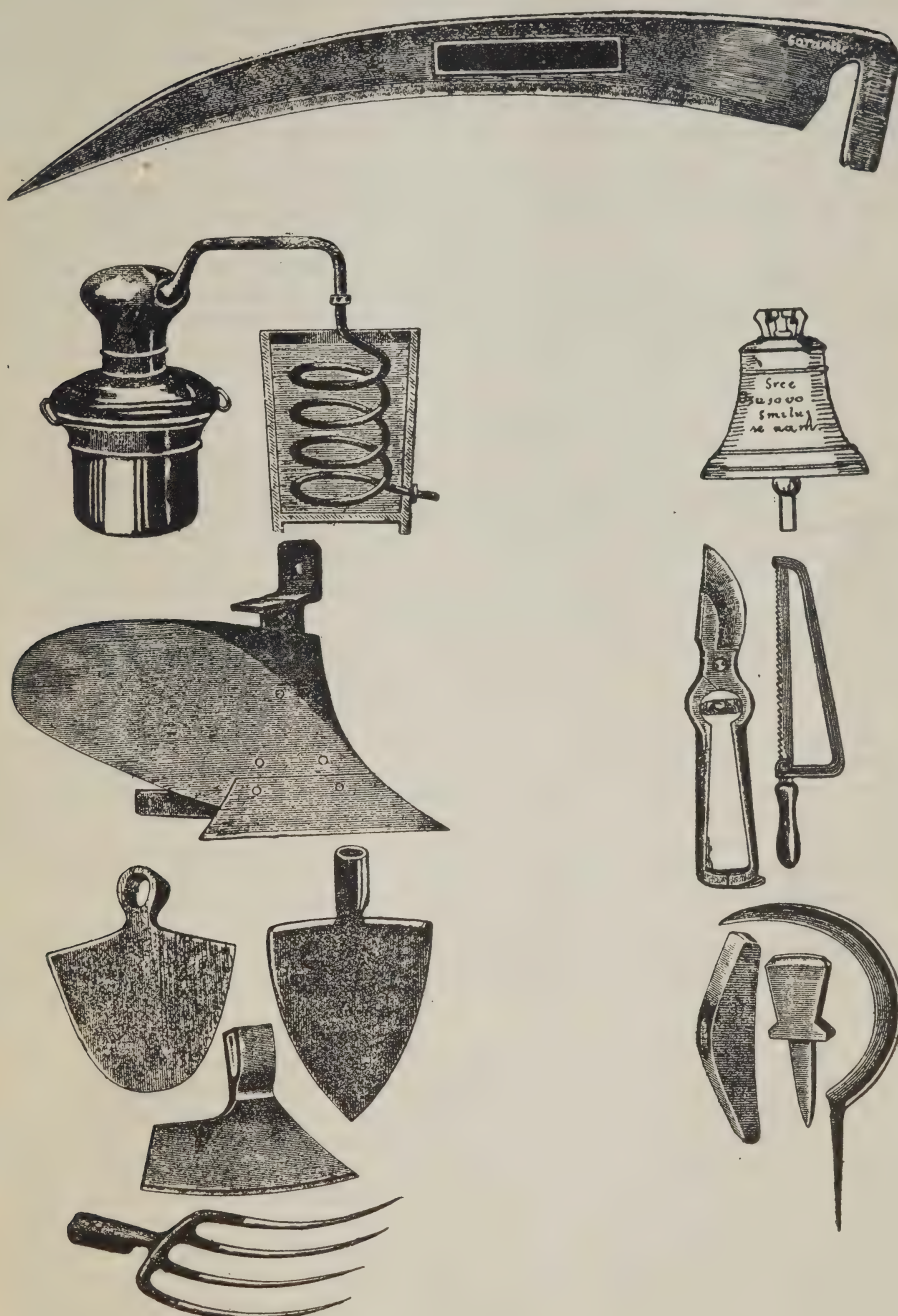
*Tractors.*—There should be a good opening in the future for a small tractor (10 to 20 horse-power). American firms have been demonstrating tractors in various parts of Yugoslavia, but the general conditions of the trade, as outlined above, make any sales of tractors at present very difficult. Tractors for Yugoslavia should be of simple construction and inexpensive to operate.

*Threshers.*—These have formerly been supplied by manufacturers in Great Britain, Germany and Hungary. The same applies to steam-ploughing outfits, portable engines, locomobiles, etc. Certain leading British manufacturers have had branch factories at Vienna and Budapest for a number of years. The trade in all of these lines is at present restricted on account of the uncertainty regarding the division of the landed estates.

*Experimental stations.*—It is reported that the co-operative union, known as the Hrvatska-Slavonska Zadruga, have made arrangements with American agricultural machinery manufacturers to establish three experimental stations for the demonstration of farm machinery. One of these stations will be for the Voivodine, another for Croatia and the third for Slavonia. The stations will be in charge of American experts and the manufacturers will loan machinery for demonstration purposes.

*Flour mills.*—There is a good opening at the present time for small unit flour-milling outfits. The Serbian Agricultural Co-operative Union of Belgrade is inquiring for this line, which is also of interest to organizations in other parts of Yugoslavia.

*Ploughs.*—The largest trade in Yugoslavia in the agricultural machinery and implement line is undoubtedly in ploughs. German and Bohemian makers supplied the bulk of the trade before the war. The ploughs made by Rudolph Sack of Leipzig, and those of Messrs. Eberhardt are the most popular. The latter was especially well liked in Serbia, and were purchased by the co-operative unions of that country. The Serbian Agricultural Society, on the other hand, dealt chiefly in Sack ploughs, which had also a large sale in the other provinces of Yugoslavia. Sack ploughs are now being offered from Germany at approximately 225 dinars or about \$7 each at present rates of exchange. Nearly all the ploughs sold in Yugoslavia are fitted with the two-wheel fore-carriage and are of light weight, ranging from 170 to 250 pounds. The ploughs principally sold were single-bottom ploughs, but light two and three-bottom ploughs have had a ready sale. There is little demand in Yugoslavia for ploughs without a fore-carriage, while disk ploughs have only recently been introduced. All factory-made ploughs have steel beams, but in those parts of the country where more primitive conditions prevail ploughs with wooden beams of an ancient type are often used.



Types of Farm Implements used in Yugoslavia

*Oil engines.*—The use of oil engines for farm purposes has been increasing in Yugoslavia. These have been chiefly supplied by Central European countries. One and two-cylinder vertical engines of from 3 to 30 horse-power, and motors of the Diesel type have had a large sale for operating threshers, flour mills, creameries, etc.

*Implements.*—There is a large sale in Yugoslavia of a variety of farm implements, since a large proportion of the peasantry still harvest their crops by hand. There is thus a considerable trade in scythes and sickles, chiefly of Austrian manufacture before the war. Hay-forks, spades, shovels, axes and other farm tools are also distributed by hardware and agricultural machinery dealers throughout all the towns and villages of the country. Canadian firms should be able to supply certain of these tools.

*Miscellaneous agricultural machines and implements.*—There is a small but promising trade with Yugoslavia in potato machinery of various kinds. Among the other lines in which Canada should be able to do some business are binder twine, hay presses and windmills. The latter have been chiefly supplied by Central European countries, but the American type of windmill finds favour. Germany and Austria before the war sold a large number of grain sorters of the roller type. Cream separators and other butter and cheese-making apparatus were also chiefly of German manufacture. Corn planters and harvesters had been introduced into the Yugoslav territory before the war, and there was a promising market for these implements.

In many of the agricultural machinery and implement lines mentioned above, there should be an excellent opportunity for the enlargement of Canadian trade. The two determining factors in dealing with the Yugoslav market are price and terms of payment; and if Canadian exporters are able to meet competitors in Central European countries in these respects, they should be able to build up a considerable business owing to the superior quality of their products.

#### INDUSTRIAL MACHINERY

There are considered to be excellent openings for the development of industrial undertakings in Yugoslavia. Not only have the damages sustained during the war to be repaired, but many new factories should also be established for the purpose of utilizing the varied raw materials produced within the country. It is also planned to develop to a much greater extent than formerly the abundant waterpower resources of the Kingdom. These various undertakings will necessitate the importation of large quantities of machinery and equipment from foreign countries.

In order to better organize the shipment of Yugoslav grain to western markets, it will be necessary to provide additional modern elevators in the chief centres. Yugoslavia is greatly lacking in these facilities, and the construction of new large elevators throughout the grain-growing districts should present opportunities for the sale of Canadian elevator equipment.

The demand for small flour-milling machines has already been referred to. There should also be a demand in Yugoslavia for equipment for large flour-mills.

A great advance was being made during the period preceding the war in the utilization of the products of the breeding industry of Yugoslavia within the country instead of being shipped abroad in the raw state. It may be expected that a further development along these lines will now commence, especially as the number of live-stock in the new territories is very great. There are openings for the establishment of leather tanneries to work up a part of the large quantity of hides and lamb, sheep, kid and goat skins now being exported, while slaughter houses, packing and refrigerating plants are also lacking. The equipment for these undertakings will present opportunities for future business with Yugoslavia. No figures are at present available as to the production of meats and sausages and other animal products in Yugoslavia.

The further exploitation of the forest resources of Yugoslavia offers opportunities for the sale of saw-milling and wood-working machinery and logging appliances



which should be of some interest to Canada. The saw-mills are mostly equipped with frame-saws supplied by German, Austrian, and Swedish makers. Circular saws are also employed, while there is a demand for machines for panel planing, moulding, mortising, etc. Canadian logging apparatus might be introduced with success into the forested areas of Yugoslavia.

The mining industry requires the importation into Yugoslavia of rock drills and other mining machinery and appliances, some of which might be supplied from Canada.

Other lines of industrial machinery for the sale of which there will probably be an opening in the near future include textile machinery, boot and shoe machines, paper-making machinery, machine tools, equipment for iron works and cement factories, and electrical apparatus and equipment of all kinds.

Before the war machinery was chiefly supplied to the present territory of Yugoslavia from Germany and Austria, although Great Britain also did a considerable trade in certain lines. At the present time German and Swiss manufacturers are active in seeking to establish connections for the sale of machinery to Yugoslavia.

#### BUILDING MATERIALS

There is great congestion at present prevailing in Belgrade, Zagreb, and the other towns of Yugoslavia.\* Steps are now being taken to relieve this congestion, and it is reported that in Belgrade 150 modern buildings and about 4,000 other buildings and houses are to be erected in the near future. This will lead to a considerable demand for constructional iron and steel and building materials of all kinds. Germany and Belgium were formerly the most important sources of supply for iron and steel of various kinds. Builders' hardware required in Yugoslavia includes hinges, locks, door checks, desk and drawer knobs and window fittings. European building practices are universally followed. Thus windows are never of the sash type, but open inwards and are secured by metal rods running vertically and worked by a knob which pushes the rod into sockets. Bathroom supplies and modern plumbers' fittings are coming into more general use in Yugoslavia and the Canadian types should prove suitable. There is also a demand for central heating apparatus, radiators, etc. At the present time German and Belgian firms appear to be securing what business there is going in iron rods for building purposes and other countries cannot meet their quotations. The same applies more or less to structural iron and steel generally.

A large quantity of galvanized iron sheets are imported into Yugoslavia for covering the roofs of buildings and houses. The revival of building operations will also result in a demand for concrete mixers, stone crushers, steam shovels and other appliances, which might be supplied from Canada.

#### OTHER METALS, HARDWARE AND TOOLS

There is a large business with Yugoslavia in hardware and metal goods of various kinds. An inspection of the principal hardware stores in Belgrade revealed few goods other than those of Austrian or German manufacture. This especially applied to the lines imported for household use, such as cooking utensils, lamps and lanterns, food choppers, enamelled and aluminium-ware and cutlery. Canadian manufacturers might have the opportunity of supplying certain kinds of tools required in Yugoslavia. Cross-cut saws are used to some extent, but the chief business is in hand saws and hacksaw blades. Emery wheels and other abrasives and small tools generally, such as files, rasps, twist drills, reamers, taps and dies, vices, etc., are similar in pattern to those used in Canada. Austria and Germany supplied most of the axes, lanterns, picks, shovels, spades, etc., imported before the war, but it is thought that Canada might be able to do something in spades, shovels and axes, provided terms of payment would be satisfactory. A certain amount of nails, wire, screws, bolts and

\*See page ....

nuts, etc., have been imported into Yugoslavia since the armistice from the United States, and in these lines Canada might also be able to do some business, when the conditions of exchange become more normal.

There is an opening for the sale of safes, especially the smaller sizes, to Yugoslavia. Small rotary hand pumps are another line for which there is a great demand, these being largely used in the country districts for pumping water.

#### PAINTS AND VARNISHES

France, Germany, Great Britain and Austria supplied the territory of Yugoslavia with dry colours and oil paints and varnishes. Czecho-Slovakia and Germany have sent some paints and varnishes since the armistice, but the demand has not been large. There is a good opportunity, however, for Canadian firms to form connections for the future in this line.

#### MOTOR CARS

There is an excellent opening for the introduction of a Canadian motor car into Yugoslavia. A cheap car of the Ford type has a large sale in this market, especially in Serbia where the rough roads make a Ford the most suitable type. In other parts of the country the roads are good and the use of motor cars should greatly increase. A number of Italian cars have lately been introduced. There is a considerable demand at present for a light motor truck—three tons and less—to supplement the congested railway facilities.

#### TRAMWAY EQUIPMENT

Belgrade, Zagreb, Ljubljana, Sarajevo a few other centres are provided with street car systems, but in all cases extensions and the purchase of new cars will soon be necessary, while it is possible that similar facilities will in the future be installed in other centres. There will therefore be an importation of steel rails, cars, overhead wiring and other tramway materials into Yugoslavia.

#### FOODSTUFFS

Yugoslavia is an agricultural country and is practically self-supporting in respect of food supplies. There has been a shortage in certain lines during the past two years, but any deficiency has now been made good by increased domestic production. The peasants preserve fruits and vegetables for their own use during the winter, while the towns only require small quantities of imported canned fruit and vegetables. It may be stated that the local fish supply is sufficient for home requirements, so that in spite of the large Roman Catholic population there is little importation of fish from abroad. Sardines from Norway packed in 3½-pound tins are one of the few imported provision lines to be seen in the stores at Belgrade and Zagreb. Others comprise jams, sauces, pickles, high-grade biscuits, tinned meats, dried fruit and a few varieties of canned fruits. All of these are for the use of the wealthier classes and the demand is limited, but Canadian products, such as jam, should find a sale.

#### CHEMICALS AND DRUGS

There should be an opening in the Yugoslav market for the sale of certain lines of Canadian chemicals and drugs. There is a considerable demand for caustic soda, formerly supplied largely from Great Britain and Belgium, and for sulphate of copper which is used for vine sprinkling. The use of patent medicines is increasing in Yugoslavia with the growth of advertising and the high cost of prescriptions. French patent medicines have a strong foothold in the market, since many of the doctors have been trained in France. Germany has also done a large trade in drugs

and medicines, while a few American patent medicines have been introduced. There should be an opening for Canada in many lines, but care should be taken to conform to European practises in the preparation of drugs and medicines.

Superphosphates and other artificial fertilizers are in demand in Yugoslavia especially in the northern provinces. The Delegacija proizvodjaca Gipske Salitre za Kraljevine S.H.S., Resavska Street No. 33, Belgrade, is a semi-official institution concerned with the importation of artificial fertilizers, and they would be interested to receive quotations and other particulars from Canadian exporters.

#### LEATHER AND LEATHER GOODS

A fairly large quantity of leather is manufactured in Yugoslavia, but the better qualities have to be imported from abroad. Germany before the war supplied black and coloured box calf and a small quantity of patent kid. Glace kid came chiefly from France, while small quantities were also shipped from the United States. Great Britain sent split leather which was in fairly great demand. Canada might be able to form a connection with Yugoslavia for sole leather, but present rates of exchange do not permit of any business. Since the armistice large quantities of American boots and shoes have been imported into Yugoslavia, while lately Czecho-Slovakia is reported to have made considerable sales in this line. Germany was an important supplier of boots and shoes before the war. There is a fairly large demand for leather belting, Great Britain and Germany being the chief prewar sources of supply. Other leather goods imported include saddlery and harness from Germany, Austria and Great Britain, but the demand for the better qualities is limited.

#### TEXTILES AND CLOTHING

Cotton and woollen textiles have comprised by far the greater part of the total importations into Yugoslavia during the past two years. The peasantry for the most part make their own wearing apparel, but materials for clothing have to be imported for the use of the urban population and the better class farmers. Made-up clothing articles and dry goods of all kinds are also purchased from abroad on a large scale. There is an important trade with Yugoslavia in cotton yarn, which the peasants use for weaving on their hand looms. Italy and Great Britain have done large business in cotton yarn, the latter supplying chiefly the better qualities. Large quantities of other textile lines have also been sent from Great Britain during the past two years and this country has held the market for most of the better grades. Italy has done a large business in the cheaper varieties of cottons and in underwear. Czecho-Slovak competition has lately been becoming keen in most lines of textiles. Some ready-made clothing has been imported from the United States, but this trade is considered temporary, having been chiefly for relief purposes. There is a steady demand in Yugoslavia, however for most lines of cotton and woollen textiles, such as dress goods; sheetings; cotton piece goods and prints; blankets; woollen cloth; underwear, medium weight, and socks and stockings of all kinds. It is thought possible that Canadian manufacturers might be able to secure some business with Yugoslavia in textiles and clothing articles, when the trade recovers from the present period of depression.

#### TYPEWRITERS

United States firms are doing a large trade with Yugoslavia in typewriters. There is a demand for machines with a double keyboard with both Latin and Cyrillic characters. In typewriters with the Latin keyboard care should be taken to provide the accents used in the Croatian language as referred to on page 218.

#### RUBBER

Another possible opening for Canadian trade with Yugoslavia is in rubber footwear and rubber tires.



## SUMMARY

The above brief survey of the opportunities for trade with Yugoslavia will serve to indicate that the openings for the sale of Canadian products to this market are limited by (1) the fact that the chief products of Yugoslavia are similar to those of Canada; (2) the fact that the requirements of the market for manufactured goods can in large measure be supplied by neighbouring countries, such as Czecho-Slovakia, Germany, Italy, Austria, Switzerland, etc. The principal lines therefore in which Canada can hope to compete in this market are Canadian specialities such as agricultural machinery and implements, timber appliances, tools, motor cars, jams and railway materials.

The articles most in demand in Yugoslavia at the present time can be further indicated by the following list prepared by the British Consul at Zagreb:—

- Textiles and clothing of all kinds.
- Boots and shoes.
- Wood-working machinery and tools, especially for furniture manufacture.
- Agricultural machinery.
- Motor trucks.
- Paper, stationery and office appliances.
- Building materials, central heating plant, geysers.
- Paints and colours, especially distemper for internal walls.
- Sporting goods.
- Household rubber goods.
- Surgical and dental instruments, and rubber goods
- Electrical appliances and fittings for house, shop and tramway use.
- Shop fittings.
- Fancy leather goods.
- Plant for coal mines.
- Prepared foodstuffs, such as jams, tinned meat, cocoa, etc.
- Cutlery and table silver (cheap kinds).

## INDEX

	PAGE		PAGE.
Agriculture—		Austria— <i>con.</i>	
Czecho-Slovakia.. . . .	108	Trieste (port of) . . . . .	150
Decreased production.. . . .	108	Austria-Hungary—	
Hungary.. . . .	79	Yugoslavia, dominated in trade by	
Cereal production.. . . .	80	(1911) . . . . .	207
Crop prospects.. . . .	82	Banat (Roumania)—	
Farming methods.. . . .	79	Agriculture in.. . . .	37
Museum of.. . . .	79	Banks—	
Present conditions.. . . .	82	Austria, note circulation . . . . .	154
Secondary crops.. . . .	81	Czecho-Slovakia.. . . .	113
Roumania.. . . .	35	Hungary, British-Hungarian Bank . . . .	73
Exports of products.. . . .	37	Roumania, credits granted.. . . .	23
Expropriation of estates and its effect	39	Names of, capital and reserves (1914)	52
Future exportable surplus.. . . .	37	Turkey, in Constantinople.. . . .	175
In new territories.. . . .	37	Yugoslavia, facilities for business . . . .	235
Situation in.. . . .	20	Leading private banks.. . . .	237
Size of holdings.. . . .	38	National Bank.. . . .	236
Yield per acre.. . . .	36	Openings for Canadian.. . . .	236
Turkey.. . . .	163	Barter—	
Principal crops.. . . .	163	Czecho-Slovakia "compensation" business	126
Yugoslavia, cereals.. . . .	194	Batum (port of) . . . . .	172
Grain exportable surplus.. . . .	195	Beer—	
Reform in.. . . .	200	Czecho-Slovakia, export of hops.. . . .	140
Size of holdings.. . . .	199	Industry.. . . .	140
Vegetables and plants . . . . .	196	Yugoslavia, industry.. . . .	205
Agricultural machinery and implements—		Belgrade (Yugoslavia)—	
Czecho-Slovakia, demand for.. . . .	143	Description.. . . .	223
Import needs . . . . .	118, 119	Bessarabia (Roumania) . . . . .	27
Hungary, equipment renewal.. . . .	83	Binder twine—	
Implements sold to.. . . .	84	Hungary, openings for trade . . . . .	90
Situation in, summarized.. . . .	86	Biscuits—	
Trade of.. . . .	83	Turkey, openings for trade.. . . .	187
Roumania, openings for trade in.. . . .	59	Boots and shoes—	
Turkey, openings for trade in.. . . .	182	Czecho-Slovakia, industry.. . . .	141
Used in.. . . .	163	Hungary, openings for trade.. . . .	91
Yugoslavia, openings for trade in . . . .	245, 246, 248	Turkey, openings for trade.. . . .	184
Alps (Dinaric)—		Bosnia (Yugoslavia)—	
Yugoslavia, topographical features . . . .	192	Mining industry in.. . . .	203
Austria—		Boundaries—	
Banks.. . . .	154	Roumania.. . . .	26
Capital, foreign, invested in . . . . .	156	Bratislava (port), Czecho-Slovakia.. . . .	102
Cities and towns.. . . .	146, 147, 148, 150	Budapest (Hungary) . . . . .	70
Coal deposits.. . . .	151, 152	Building materials—	
Communications.. . . .	149	Turkey, openings for trade.. . . .	179
Exchange.. . . .	154	Yugoslavia, openings for trade.. . . .	249
Food position of.. . . .	146	Candles—	
Danube navigation.. . . .	151	Turkey, openings for trade.. . . .	184
Furniture industries.. . . .	155	Carpets—	
Imports.. . . .	157	Turkey, production of.. . . .	167
Leather industry.. . . .	155	Yugoslavia, manufactures of.. . . .	205
Machinery industry.. . . .	155	Cars and Trucks (motor)—	
Metallurgical industry.. . . .	155	Roumania, openings for trade.. . . .	62
Openings for trade.. . . .	157	Chambers of Commerce—	
Paper industry.. . . .	155	Yugoslavia.. . . .	242
Population.. . . .	149		
Railways.. . . .	149		
Relief foodstuffs.. . . .	153		
Republic of.. . . .	145		
Textile industry's position in.. . . .	154		
Close relationship to Czecho-Slovakia..	136		
Topographical features.. . . .	146		
Toys.. . . .	155		
Trade.. . . .	156		
Promotion.. . . .	157		
Routes.. . . .	151		

	PAGE		PAGE
Chemicals—		Czecho-Slovakia— <i>con.</i>	
Czecho-Slovakia, production of . . . . .	143	Cotton industry . . . . .	135
Industry . . . . .	142	Purchases . . . . .	107
Hungary, openings for trade . . . . .	91	Currency . . . . .	104, 105
Roumania, openings for trade . . . . .	64	Economic consolidation of . . . . .	104
Turkey, openings for trade . . . . .	184	Electrical equipment industry . . . . .	144
Yugoslavia, manufactures . . . . .	206	Exhibitions and fairs in . . . . .	115
Openings for trade . . . . .	250	Exports . . . . .	109, 110, 111, 112, 120, 124, 131, 137, 140
Chocolate—		Fertilizers, artificial, production of . . . . .	142
Turkey, openings for trade . . . . .	187	Fish, culture . . . . .	100
Cities and towns—		Flax, crop (1919) . . . . .	107
Austria . . . . .	146, 148	Foreign trade ministry . . . . .	125
Czecho-Slovakia . . . . .	113, 114	Gablonz industries . . . . .	134
Hungary . . . . .	77	Glass industry . . . . .	132, 133
Roumania . . . . .	34	Glove industry . . . . .	141
Yugoslavia . . . . .	223, 227	Government of . . . . .	104
Climate—		Imports . . . . .	117, 118, 120, 126, 128
Hungary . . . . .	78	Industrial syndicates in . . . . .	112
Roumania . . . . .	30	Lace industry . . . . .	140
Yugoslavia . . . . .	193	Leather industry . . . . .	141
Clothing—		Linen industry . . . . .	135
Roumania, openings for trade . . . . .	65	Machinery industry . . . . .	143
Turkey, openings for trade . . . . .	184	Metallurgical industry . . . . .	143, 144
Yugoslavia, openings for trade . . . . .	251	Mineral wealth . . . . .	99
Coal—		Ministry for Foreign Trade . . . . .	125
Austria, improvement in deliveries . . . . .	152	Motor cars, production . . . . .	143
Requirements and source of supply . . . . .	151, 152	Natural resources of . . . . .	98
Czecho-Slovakia, mining of . . . . .	99, 108	Openings for trade . . . . .	117, 118, 119
Shortage in glass industry . . . . .	133	Paper industry . . . . .	137, 138, 139
Yugoslavia, production of . . . . .	204	Porcelain industry . . . . .	136
Codfish (salted)—		Position in Europe . . . . .	98
Turkey, openings for trade . . . . .	185	Potash and by-products . . . . .	142
Constantinople—		Racial elements in population . . . . .	102-104
Commercial importance of . . . . .	169	Railways . . . . .	106
Its position and topographical features . . . . .	168	Raw materials for industries . . . . .	107, 108
Population . . . . .	167	Rolling stock manufacture . . . . .	143
Pre-war position of . . . . .	160	Spirit industry . . . . .	139
Trade sphere of . . . . .	161	Sugar industry . . . . .	129, 130, 131
Co-operative societies—		Tariff . . . . .	116
Czecho-Slovakia . . . . .	115	Textile industry . . . . .	135, 136
Roumania . . . . .	50, 51	Timber industry . . . . .	136
Yugoslavia . . . . .	240	Timber resources . . . . .	136
Cotton—		Topographical features . . . . .	98
Czecho-Slovakia, manufacture of . . . . .	135	Trade by countries (1919) . . . . .	122, 123, 124
Purchases of (1920) . . . . .	107	Trade with Canada . . . . .	127
Currency—		Trade routes . . . . .	101
Austria, circulation of bank notes . . . . .	154	Transport facilities . . . . .	101
Czecho-Slovakia, unification of . . . . .	104	Woollen industry . . . . .	107, 135
Roumania, foreign issues redeemed . . . . .	23	Dalmatia (Yugoslavia) . . . . .	226
Overissue of paper money . . . . .	22	Plants of . . . . .	198
Turkey . . . . .	174	Danube (river)—	
Yugoslavia . . . . .	239, 240	Described . . . . .	28
Redemption of crown notes in . . . . .	239	Great Britain, her interest in navigation on . . . . .	73
Czecho-Slovakia—		Navigation on . . . . .	151
Area of . . . . .	96	Shipping lines to mouth of . . . . .	56
Agriculture in . . . . .	100, 108	Dobrudja (Roumania) . . . . .	28
Machines manufactured in . . . . .	143	Drugs—	
Banks . . . . .	113	Hungary, openings for trade . . . . .	91
Barter in . . . . .	126	Roumania, openings for trade . . . . .	64
Beer industry . . . . .	140	Turkey, openings for trade . . . . .	184
Boot and shoe industry . . . . .	141	Yugoslavia, openings for trade . . . . .	250
Capital, foreign, freedom from . . . . .	112	Education—	
Foreign interest in factories . . . . .	116	Roumania . . . . .	31
Chemicals industry . . . . .	142, 143	Electricity—	
Cities and towns . . . . .	102, 113, 114	Czecho-Slovakia, equipment industry . . . . .	144
Coal, mining of . . . . .	99, 108	Engineering supplies—	
Colour (chemical) industry . . . . .	142	Turkey, openings for trade . . . . .	181
Co-operative movement . . . . .	115	Exchange—	
		Austria, effect of fluctuation . . . . .	154
		Roumania, situation in . . . . .	22
		Turkey, rates of . . . . .	174
		Yugoslavia . . . . .	210



	PAGE		PAGE
Exhibitions and fairs—		Germany—	
Czecho-Slovakia. . . . .	115	Imports from, by Roumania (1913) . . . .	12-14
Experimental stations—		Trade influence of, on Roumania. . . . .	8, 12
Yugoslavia, opportunity for agricultural machinery demonstrations at . . . .	246	Glass—	
Exports—		Czecho-Slovakia, diversification of pro- duction. . . . .	132
Czecho-Slovakia, to countries (1919)		Shortages of coal and raw materials. .	133
Classed and evaluated (1919) . . . .	124	Gloves—	
Commissions appointed to facilitate .	112	Czecho-Slovakia, industry. . . . .	141
Future (probable) . . . . .	124	Government—	
Hops. . . . .	140	Czecho-Slovakia. . . . .	104
List of (1919) . . . . .	120	Roumania. . . . .	32
Paper surplus. . . . .	137	Yugoslavia. . . . .	220
Products now available for. . . . .	109	Grain elevators—	
Sugar. . . . .	131	Roumania, openings for trade in equip- ment. . . . .	64
Taxes on. . . . .	109	Great Britain—	
To Eastern countries. . . . .	111	Firms in Yugoslavia. . . . .	243
To North America. . . . .	111	Interest in Danube navigation. . . . .	73
Timber prices. . . . .	110	Trade with Czecho-Slovakia (Jan. to June, 1919) . . . . .	123
Hungary, pre-war. . . . .	82	Great War—	
Roumania (1913) . . . . .	7	Hungary, post-war conditions. . . . .	75
Absence of, due to Great War and absence of transport facilities . . . .	20	Roumania, effect of, on . . . . .	14
Government control of. . . . .	21	Post-war conditions in trade . . . . .	8
Turkey, export houses of. . . . .	175	Turkey, post-war conditions in com- merce . . . . .	160, 162
Yugoslavia, commodities and values (Oct. 1920) . . . . .	214	Yugoslavia, effect on trade in. . . . .	209
Destination of, by countries. . . . .	214	Hardware—	
Grain surplus. . . . .	195	Roumania, openings for trade. . . . .	61
Pre-war for areas included in. . . . .	207	Turkey, openings for trade. . . . .	185
Regulations. . . . .	214	Yugoslavia, openings for trade. . . . .	249
Serbia, classified and evaluated (1894- 1905) (1906-1912) . . . . .	208	Herrings—	
Timber exporters in. . . . .	202	Turkey, openings for trade. . . . .	186
Expropriations—		Houses (portable)—	
Hungary, estates. . . . .	82	Roumania, openings for trade. . . . .	63
Roumania, their effect. . . . .	39	Turkey, openings for trade. . . . .	180
Fertilizers—		Hungary—	
Czecho-Slovakia, artificial. . . . .	142	Agriculture in . . . . .	79, 80, 81, 82
Finance (public)—		Agricultural machinery and implement trade in. . . . .	83-86
Czecho-Slovakia, position of. . . . .	105	Banks, British-Hungarian . . . . .	73
Hungary, position in. . . . .	75	Cities and towns. . . . .	70, 77
Roumania, first Budget of Greater . . .	24	Climate. . . . .	78
Public debt. . . . .	24	Exports. . . . .	82
Fish—		Expropriation of estates. . . . .	82
Czecho-Slovakia, food supply in. . . .	100	Financial position of. . . . .	75
Yugoslavia, fishing industry in. . . .	201	Imports. . . . .	88, 89
Fiume (Rijeka) Yugoslavia. . . . .	227	Introduction of foreign capital . . . .	72
Flax—		Language. . . . .	78
Czecho-Slovakia, crop. . . . .	107	Live stock breeding. . . . .	81
Flour—		Manufacturing industry. . . . .	87
Roumania, milling business in . . . . .	44	Natural resources. . . . .	77
Turkey, openings for trade. . . . .	187	Openings for trade. . . . .	90, 91, 92
Yugoslavia, opening for mill equipment. .	246	Population. . . . .	78
Foodstuffs—		Post-war conditions of trade. . . . .	75
Yugoslavia, openings for trade. . . . .	250	Pro-British sentiment in. . . . .	74
Fruits—		Railways. . . . .	77
Yugoslavia, cultivation in. . . . .	197	Topographical features of. . . . .	70
Fruits (canned)—		Trade routes. . . . .	74
Turkey, openings for trade. . . . .	186	Imports—	
Furniture—		Austria, requirements. . . . .	157
Austria, industry . . . . .	155	Czecho-Slovakia, agricultural machinery needs of . . . . .	118, 119
Gablonz (city)—		By countries (1919) . . . . .	122, 123, 124
Czecho-Slovakia, industries of. . . . .	134	Classed and evaluated (1919) . . . . .	120
		Goods not requiring licenses. . . . .	128
		List of (1919) . . . . .	120

	PAGE		PAGE
Imports— <i>con.</i>		Machinery—	
Machinery . . . . .	117	Austria, industry . . . . .	143, 155
Procedure for obtaining licenses for . .	126	Czecho-Slovakia, requirements for agri-	
Requirements . . . . .	117	culture . . . . .	118, 119
Hungary, pre-war trade . . . . .	88	Requirements in industries . . . . .	117
Post-war trade . . . . .	89	Hungary, agricultural trade in . . . . .	83, 86
Regulations . . . . .	89	Implements sold to . . . . .	84
Roumania, Canadian . . . . .	17	Turkey, openings for trade . . . . .	181
Chief articles of . . . . .	11	Manufactures—	
Classes (Jan. to June 1919) . . . . .	15	Hungary . . . . .	87
Classes and values (1913) . . . . .	9	Roumania . . . . .	45
Conditional imports (list of) . . . . .	67	Present position . . . . .	46
Germany's strong position in . . . . .	12	Turkey, miscellaneous . . . . .	167
Imports from Germany (1913) . . . . .	12	Yugoslavia . . . . .	205, 206
Legislation affecting . . . . .	69	Meats (canned)—	
Prohibited articles (list of) . . . . .	66	Turkey, openings for trade . . . . .	187
Restriction on . . . . .	66	Metals and metallurgy—	
Sources of supplies . . . . .	16	Austria, industry . . . . .	155
Turkey, caution enjoined on exporters to	178	Czecho-Slovakia, industry . . . . .	143
Import houses of . . . . .	175	Large works in . . . . .	144
Terms of sale . . . . .	178	Yugoslavia, openings for trade in . . . . .	249
Yugoslavia, certificates of origin required	216	Milk (condensed)—	
Classed and evaluated (1919 and 1st		Turkey, openings for trade . . . . .	187
nine months 1920) . . . . .	211	Minerals and mines—	
Decline in . . . . .	210	Czecho-Slovakia, resources . . . . .	99
Lists with values (pre-war) . . . . .	207	Roumania, production of . . . . .	42
Serbia, classed and evaluated 1911 . .	209	Turkey, resources . . . . .	165
Serbia listed countries and values		Yugoslavia, resources . . . . .	203
(1911) . . . . .	207	Mohair—	
Sources of supplies . . . . .	211	Turkey, production . . . . .	164
Industrial machinery—		Moldavia (Roumania) . . . . .	27
Yugoslavia, openings for trade . . . .	248	Motors (marine)—	
Iron and steel—		Turkey, openings for trade in . . . . .	183
Roumania, openings for trade . . . . .	62	Motor cars—	
Turkey, openings for trade . . . . .	181	Czecho-Slovakia, industry . . . . .	143
Yugoslavia, manufactures . . . . .	206	Turkey, openings for trade . . . . .	183
Iron sheets (galvanized)—		Yugoslavia, openings for trade . . . . .	250
Roumania, openings for trade . . . . .	62	Nails—	
Jams and marmalade—		Roumania, openings for trade . . . . .	62
Turkey, openings for trade . . . . .	186	Natural resources—	
Knitted Goods—		Czecho-Slovakia . . . . .	98
Turkey, openings for trade . . . . .	183	Hungary . . . . .	77
Lace—		Turkey . . . . .	162
Czecho-Slovakia, Industry . . . . .	140	Yugoslavia . . . . .	193
Language—		Nuts—	
Hungary . . . . .	78	Turkey, production of . . . . .	165
Roumania, required in for business . .	49	Oil—	
Turkey . . . . .	176	Roumania, effects of war on industry . .	41
Yugoslavia . . . . .	218	Industry . . . . .	40
Leather—		Resources . . . . .	27
Austria, industries . . . . .	155	Oil machinery—	
Czecho-Slovakia, industry . . . . .	141	Roumania, openings for trade . . . . .	60
Hungary, openings for trade . . . . .	91	Yugoslavia, openings for trade in engines	248
Roumania, openings for trade . . . . .	65	Openings for trade—	
Turkey, openings for trade . . . . .	184	Austria, import requirements . . . . .	157
Yugoslavia, industries . . . . .	205	Czecho-Slovakia—	
Openings for trade . . . . .	251	Agricultural machinery . . . . .	118
Linen—		Drugs and chemicals . . . . .	117
Czecho-Slovakia, industry . . . . .	135	Machinery, industrial . . . . .	117
Live stock—		Manufactured goods . . . . .	117
Hungary, raising of . . . . .	81	Hungary—	
Roumania, raising of . . . . .	36	Binder twine . . . . .	90
Yugoslavia, raising of . . . . .	195	Chemical products . . . . .	91
Lobsters—		Drugs . . . . .	91
Turkey, openings for trade in . . . . .	186		
Locomotives—			
Roumania, lack of . . . . .	18		

Openings for trade— <i>con.</i>	PAGE	Openings for trade— <i>con.</i>	PAGE
Hungary— <i>con.</i>		Yugoslavia— <i>con.</i>	
Footwear.. . . .	91	Drugs.. . . .	250
Leather.. . . .	91	Farm machinery demonstrations . . .	246
List of goods required.. . . .	92	Flour mill outfits . . .	246
Paper.. . . .	91	Foodstuffs.. . . .	250
Rolling stock.. . . .	90	Hardware.. . . .	249
Survey of.. . . .	91	Harvesting machines.. . . .	246
Textiles.. . . .	91	Implements.. . . .	248
Tools.. . . .	90	Industrial machinery.. . . .	248
Roumania—		Leather.. . . .	251
Agricultural machinery.. . . .	57, 59	Leather goods.. . . .	251
Cars and trunks (motor).. . . .	62	Metals.. . . .	249
Conditions (general).. . . .	66	Motor cars . . . . .	250
Drugs and chemicals.. . . .	64	Oil engines.. . . .	248
Grain elevators equipment.. . . .	64	Paints.. . . .	250
Hardware.. . . .	61	Ploughs.. . . .	246
Harvesting machinery . . . . .	59	Railway materials . . . . .	244
Houses (portable) . . . . .	63	Rubber.. . . .	251
Iron sheets, galvanized.. . . .	62	Textiles.. . . .	251
Iron and steel.. . . .	62	Threshers.. . . .	246
Leather.. . . .	65	Tools.. . . .	249
Nails.. . . .	62	Tractors.. . . .	246
Oil machinery.. . . .	60	Tramway equipment . . . . .	250
Paints and varnishes.. . . .	64	Typewriters.. . . .	251
Paper.. . . .	64	Varnishes.. . . .	250
Ploughs.. . . .	58	Opium—	
Railway materials.. . . .	63	Turkey, yield of.. . . .	165
Railways (tramway equipment) . . . .	63	Yugoslavia, yield of.. . . .	199
Safes.. . . .	62	Paints and colours—	
Saw-milling machinery.. . . .	61	Czecho-Slovakia, manufactures.. . . .	142
Textiles.. . . .	65	Roumania, openings for trade in.. . . .	64
Tools.. . . .	62	Yugoslavia, openings for trade . . . .	250
Threshers and engines.. . . .	59	Paper—	
Tractors.. . . .	59	Austria, industry.. . . .	155
Wire.. . . .	62	Czecho-Slovakia, development of industry	138
Turkey—		Export surplus.. . . .	137
Agricultural machinery.. . . .	182	Firms producing.. . . .	139
Biscuits.. . . .	187	Pulp production.. . . .	138
Boots and shoes.. . . .	184	Special branches of industry.. . . .	138
Building materials.. . . .	179	Statistics of production.. . . .	137
Candles . . . . .	184	Hungary, openings for trade.. . . .	91
Chemicals.. . . .	184	Roumania, industry.. . . .	44
Chocolate.. . . .	187	Openings for trade.. . . .	64
Clothing.. . . .	184	Turkey, openings for trade.. . . .	184
Cod fish (salted).. . . .	185	Yugoslavia, industries.. . . .	202
Drugs.. . . .	184	Ploughs—	
Engineering supplies.. . . .	181	Roumania, openings for trade.. . . .	58
Flour.. . . .	187	Yugoslavia, openings for trade.. . . .	246
Fruits (canned).. . . .	186	Population—	
Hardware.. . . .	185	Austria.. . . .	149
Herrings.. . . .	186	Hungary.. . . .	78
Houses (portable).. . . .	180	Roumania.. . . .	30, 31
Iron and steel.. . . .	181	Turkey (Constantinople).. . . .	167
Jams and marmalade.. . . .	186	Yugoslavia . . . . .	188, 216, 218
Knitted goods . . . . .	183	Porcelain—	
Leather.. . . .	184	Czecho-Slovakia, industry.. . . .	136
Lobsters.. . . .	186	Potash—	
Machinery (industrial) . . . . .	181	Czecho-Slovakia, industry and by-pro-	ducts.. . . .
Motors (marine).. . . .	183	142	
Motor cars.. . . .	183	Poultry—	
Provisions.. . . .	185	Yugoslavia, raising.. . . .	196
Salmon (canned) . . . . .	186	Provisions—	
Meats (canned) . . . . .	187	Turkey, openings for trade.. . . .	185
Milk (condensed).. . . .	187	Prunes—	
Paper.. . . .	184	Yugoslavia, cultivation.. . . .	197
Soap.. . . .	184	Pulp—	
Tea.. . . .	187	Czecho-Slovakia, production of . . . . .	138
Terms of payment . . . . .	187		
Textiles.. . . .	183		
Timber.. . . .	181		
Vegetables (canned).. . . .	186		
Yugoslavia—			
Agricultural machinery . . . . .	245		
Building materials.. . . .	249		
Chemicals.. . . .	250		
Clothing.. . . .	251		



	PAGE		PAGE
Railways—		Roumania—	
Austria, facilities restricted.. . . .	149	Weights and measures . . . . .	49
Czecho-Slovakia, improvements in . . .	106	Rubber—	
Hungary, communications of.. . . .	77	Yugoslavia, openings for trade.. . . .	251
Roumania, facilities in.. . . .	54	Russia (south)—	
Openings for trade in materials.. . . .	63	Trade with Turkey.. . . .	170
Openings for trade in tramway equip- ment.. . . .	63	Safes—	
Principal lines.. . . .	54	Roumania, openings for trade.. . . .	62
Turkey, opportunities for development . .	170	Salmon (canned)—	
Yugoslavia, condition of.. . . .	235	Turkey, openings for trade.. . . .	186
Existing lines.. . . .	231	Salt—	
New lines to the Adriatic and other projects.. . . .	233, 234	Roumania, resources.. . . .	24
Openings for trade in materials.. . . .	244	Sarajevo (Bosnia-Herzegovina)—	
Religion—		Yugoslavia, description of.. . . .	226
Roumania.. . . .	32	Saw-milling machinery—	
Yugoslavia, classified.. . . .	217	Roumania, openings for trade.. . . .	61
Effect of religious schism.. . . .	219	Serbia (Yugoslavia)—	
Representation—		Cities and towns.. . . .	225
Roumania, commercial, in.. . . .	48	Constitution.. . . .	221
Rolling stock—		Exports (1894-1905) (1906-1912) . . . .	208
Czecho-Slovakia, manufacture of.. . . .	143	Exports classed as to country and evalu- ated (1911).. . . .	207
Hungary, openings for trade in.. . . .	90	Imports classed as to country and evalu- ated (1911).. . . .	207
Roumania—		Mineral resources.. . . .	203
Agriculture.. . . .	20, 35, 36, 37, 39	Topographical features.. . . .	192
Balance of trade.. . . .	8	Shipping—	
Bank credits granted.. . . .	23	Roumania, facilities and companies . . . .	9
Boundaries of.. . . .	26	Lines to the mouth of the Danube . . . .	56
Cities and towns.. . . .	34	River navigation.. . . .	55
Climate.. . . .	30	Turkey, steamship lines to.. . . .	177
Cooperative movements.. . . .	50, 51	Yugoslavia, navigable waterways.. . . .	232
Currency.. . . .	22, 23	Steamship lines to.. . . .	229
Education.. . . .	31	Skoplje—	
Exchange situation.. . . .	22	Yugoslavia, commercial importance of . .	225
Exports, absence of due to lack of trans- portation . . . . .	20	Silk—	
Possibilities of.. . . .	21	Turkey, industry . . . . .	164
Expropriations.. . . .	39	Yugoslavia, cocoons industry.. . . .	198
Finance, public.. . . .	24	Skins—	
Flour-milling industry.. . . .	44	Turkey, industry.. . . .	165
Germany's influence on trade of.. . . .	8, 12	Slovenia—	
Government.. . . .	32	Yugoslavia, mining industry in.. . . .	203
Great War, effect on trade.. . . .	14	Soap—	
Imports.. . . .	9, 11, 15, 66, 67, 69	Turkey, openings for trade.. . . .	184
Canadian.. . . .	17	Spirit—	
Classes (January to June, 1919).. . . .	15	Czecho-Slovakia, industry.. . . .	139
From Germany (1913).. . . .	12	Sugar—	
Sources of supplies.. . . .	16	Czecho-Slovakia, beet supply.. . . .	130
Language required for commerce in.. . .	49	Exports of.. . . .	131
Live stock raising.. . . .	36	Industry.. . . .	129
Locomotives, lack of.. . . .	18	Roumania, manufacture.. . . .	44
Manufactures.. . . .	46	Yugoslavia, manufactures.. . . .	205
Mineral, production.. . . .	42	Tanning extract—	
Oil, effects of war on production.. . . .	41	Yugoslavia, manufacture of.. . . .	202
Industry.. . . .	40	Tariffs—	
Resources.. . . .	27	Czecho-Slovakia.. . . .	116
Openings for trade 57, 58, 59, 60, 61, 62, 63, 64, 65, . . . . .	66	Roumania, restrictions on imports.. 50, 69	
Paper industry.. . . .	44	Turkey, trade restrictions of.. . . .	178
Population . . . . .	30, 31	Yugoslavia, imports.. . . .	215
Post-war conditions.. . . .	8	Imports temporarily exempt.. . . .	216
Railways . . . . .	54		
Religion.. . . .	32		
Representation (commercial) in.. . . .	48		
Salt resources.. . . .	27		
Steamship facilities.. . . .	9, 55, 56		
Sugar manufacture.. . . .	44		
Tariffs on imports.. . . .	50		
Terms of payment on imports.. . . .	49		
Timber industry.. . . .	42		
Topographical features.. . . .	26, 27, 28		
Transportation affected by crisis.. . . .	19		

	PAGE		PAGE
Tea—		Turkey— <i>con.</i>	
Turkey, openings for trade . . . . .	187	Banks . . . . .	175
Terms of payment—		Carpet industry . . . . .	167
Roumania, on imports . . . . .	49	Constantinople, see Constantinople . . .	
Points to be avoided . . . . .	49	Communications . . . . .	169
Textiles—		Currency . . . . .	174
Austria, position of industry . . . . .	154	Entrepot trade . . . . .	171
Czecho-Slovakia, industry and Austria's relationship to . . . . .	135, 136	Exchange rates . . . . .	174
Hungary, openings for trade . . . . .	91	Export houses . . . . .	175
Roumania, openings for trade . . . . .	65	Firms, reliable in . . . . .	179
Turkey, openings for trade . . . . .	183	Foreign trade by countries . . . . .	173
Yugoslavia, manufactures . . . . .	205	Great War's effect on . . . . .	160, 162
Openings for trade . . . . .	251	Imports . . . . .	175, 178
Threshers and engines—		Languages in commercial use . . . . .	176
Roumania, openings for trade . . . . .	59	Legal status of foreign firms . . . . .	176
Yugoslavia, openings for trade . . . . .	246	Manufactures . . . . .	167
Timbers—		Mineral resources . . . . .	165
Czecho-Slovakia, export prices . . . . .	110	Mohair production . . . . .	164
Forest resources . . . . .	99	Natural resources . . . . .	162
Industry . . . . .	136	Nuts, production of . . . . .	165
Roumania, industry . . . . .	42	Openings for trade 170, 179, 180, 181, 182, 183, 184, 185, 187	
Turkey, resources . . . . .	166	Opium, production of . . . . .	165
Openings for trade . . . . .	181	Population . . . . .	167
Yugoslavia, available supplies . . . . .	202	Railways . . . . .	170
Exporters of . . . . .	202	Review of present trade situation . . .	158
Industry . . . . .	201	Shipping lines to . . . . .	177
Tanning extract made from . . . . .	202	Silk industry . . . . .	164
Tobacco—		Skins industry . . . . .	165
Turkey, production of . . . . .	165	Tariffs on imports . . . . .	178
Yugoslavia, production of . . . . .	198	Timber resources . . . . .	166
Tools—		Tobacco production . . . . .	165
Hungary, openings for trade . . . . .	90	Trade depression in . . . . .	158, 174
Roumania, openings for trade . . . . .	62	Trade with South Russia . . . . .	170
Yugoslavia, openings for trade . . . . .	249	Transit trade's future . . . . .	172
Topographical features—		Valonea production . . . . .	165
Austria . . . . .	146	Warehouse facilities . . . . .	172
Czecho-Slovakia . . . . .	98	Weights and measures . . . . .	174
Hungary . . . . .	70	Wool production . . . . .	164
Roumania . . . . .	26, 27	Typewriters—	
Rivers and plains . . . . .	28	Yugoslavia, openings for trade . . . . .	251
Turkey, Constantinople, situation and de- scription . . . . .	168	United States—	
Yugoslavia . . . . .	190, 192, 223, 224	Trade with Czecho-Slovakia (January to June, 1919) . . . . .	124
Toys—		Valonea—	
Austria, industry . . . . .	155	Turkey, production of . . . . .	165
Tractors—		Varnishes—	
Roumania, openings for trade . . . . .	59	Roumania, openings for trade in . . . . .	64
Yugoslavia, openings for trade . . . . .	246	Yugoslavia, openings for trade . . . . .	250
Trade routes—		Vegetables (canned)—	
Austria . . . . .	151	Turkey, openings for trade . . . . .	186
Czecho-Slovakia . . . . .	101	Vienna (Austria)—	
Hungary . . . . .	74	Advantageous position of for commerce .	148
Tramway equipment—		As a trade centre . . . . .	146
Yugoslavia, openings for trade . . . . .	250	Present position in trade . . . . .	147
Transportation—		Vineyards—	
Austria, summary of situation in . . . .	149	Yugoslavia, cultivation of . . . . .	197
Roumania, disorganization of . . . . .	19	Warehouses—	
Czecho-Slovakia, facilities . . . . .	101	Turkey, facilities . . . . .	172
Turkey, means of . . . . .	169	Water power resources—	
Transylvania—		Yugoslavia . . . . .	204
Roumania, agriculture in . . . . .	37	Weights and measures—	
Trieste, port of . . . . .	150	Roumania . . . . .	49
Turkey—		Turkey . . . . .	174
Agricultural methods . . . . .	163	Yugoslavia . . . . .	246
Banker's view of trade situation . . . .	160	Wire—	
		Roumania, openings for trade . . . . .	62



	PAGE		PAGE
Wool and woollens—		Yugoslavia— <i>con.</i>	
Czecho-Slovakia, industry.. . . .	107, 135	Mineral resources of.. . . .	203
Turkey, production of.. . . .	164	Natural resources.. . . .	193
Yugoslavia—		Navigable waterways.. . . .	232
Agriculture.. . . .	194, 195, 196, 199, 200	Openings for trade 244, 245, 248, 249, 250, 251	
Area.. . . .	188	Opium, production.. . . .	199
Austria-Hungary's domination in trade		Paper industry.. . . .	202
(1911).. . . .	207	Parties and policies.. . . .	222
Banks.. . . .	235, 236, 237	Population and racial elements.. . . .	188, 216
Chambers of commerce.. . . .	242	Characteristics of various races.. . . .	218
Cities and towns.. . . .	223, 224, 225, 226, 227, 228	Poultry breeding.. . . .	196
Climate.. . . .	193	Prune industry.. . . .	197
Coal production.. . . .	204	Railways.. . . .	231, 233, 234, 235
Commercial agreements.. . . .	212	Religious statistics.. . . .	217, 219
Communications.. . . .	230	Road mileage.. . . .	232
Constitution.. . . .	220	Serbia, constitution of old.. . . .	221
Co-operative societies.. . . .	240	Exports (1911).. . . .	207
Currency.. . . .	239, 240	Exports (1894-1905) (1906-1912).. . . .	208
Dalmatian plants, their importance as		Imports (1911).. . . .	207, 208
raw material.. . . .	198	Mineral resources.. . . .	203
Exchange, depreciation.. . . .	210	Shipping lines to.. . . .	229
Exports.. . . .	207, 213, 214	Silk cocoons production.. . . .	198
Exportable commodities.. . . .	213	Summary of trade openings in.. . . .	252
Export regulations.. . . .	214	Tanning extract manufacture.. . . .	202
Fishing industry.. . . .	201	Tariffs on imports.. . . .	215, 216
Firms (commercial) in.. . . .	242, 243	Territorial divisions.. . . .	190
Fight for freedom of the Yugoslavs.. . . .	219	Timber industry.. . . .	201, 202
Fiume (Rijeka), description of.. . . .	227	Tobacco production.. . . .	198
Foreign domination, period of.. . . .	219	Topographical features.. . . .	190, 191, 192
Fruits, production.. . . .	197	Trade.. . . .	206
Government.. . . .	220	After the war.. . . .	209
Departments of.. . . .	222	Pre-war.. . . .	206
Imports.. . . .	207, 210, 215, 216	Routes.. . . .	228
Imports (1919 and 1st nine months of		With Central Europe.. . . .	212
1920).. . . .	211	Vineyard cultivation.. . . .	197
Institutions.. . . .	216, 217	Water power resources.. . . .	204
Languages in commercial use.. . . .	218	Weights and measures.. . . .	240
Livestock raising.. . . .	195	Zagreb (Yugoslavia).. . . .	224
Manufacturing industries of.. . . .	205, 206		







